DOCUMENT RESUME

ED 232 317 EA 016 037

AUTHOR Bell, T. H.; And Others
TITLE Private Elementary and Secondary Education. Congressionally Mandated Study of School Finance. A Final Report to Congress from the Secretary of Education. Volume 2.
INSTITUTION Department of Education, Washington, DC.
PUB DATE Jul 83
NOTE 118p.; For related document, see ED 229 884.
PUB TYPE Reports - Research/Technical (143)

EDRS PRICE MF01/PC05 Plus Postage.
DESCRIPTORS *Catholic Schools; Court Litigation; *Educational Finance; Educational Vouchers; Elementary Secondary Education; Enrollment; Enrollment Trends; Federal Legislation; Government School Relationship; Parent Attitudes; *Parochial Schools; Private Education; *Private School Aid; *Private Schools; *Religious Education; School Choice; School Demography; State Church Separation; Tables (Data); Tax Credits; Tuition

ABSTRACT

The second of four final reports from the Department of Education's School Finance Project presents information relevant to the subject of federal financial support to private school students and parents. An executive summary is followed by the introduction and the organizational outline of the report. Chapter 2 draws on information from existing data collections and surveys to provide a synthesis of the current literature on trends in private school enrollments and costs, state relationships with private schools, and federal assistance for private school children. Chapter 3 identifies and describes the major aid proposals considered in recent years and reviews important arguments on both sides of the issue of aid for families with children in private schools. Chapter 4 presents the results of a survey of approximately 1,200 households with school-age children on factors associated with current parental choice of public and private schools. Chapter 5 examines the experiences of British Columbia, Australia, and the Netherlands in financing private education and explains how the experiences of these countries are relevant to U.S. policymakers. A bibliography and appendixes on the methodology and related concerns of the household survey conclude the report. (MLF)

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ED232317

Congressionally Mandated Study of School Finance

A Final Report to Congress

from the Secretary of Education

Volume 2

PRIVATE ELEMENTARY AND SECONDARY EDUCATION

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July 1983

EA 016 057

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EXECUTIVE SUMMARY

Extending Federal financial support to private school students and parents has received considerable attention in recent years. Arguments about the form of aid and its potential consequences have been given extensive public hearing. These arguments, however, have been largely rhetorical, because there is limited experience with and information about aid to these students and parents. While this report cannot provide definitive answers about the effects of public assistance, it can inform the debate by providing information about several central issues:

- The size and characteristics of the private school sector at the beginning of the 1980s.
- Current relationships of Federal and State governments with private schools and their students.
- Reasons for parental choice of public and private schools based on a household survey conducted by the School Finance Project.
- International experience with various types of public aid for private education.

Presented here are major findings from the report:

The Private School Sector at the Beginning of the 1980s

- About 11 percent of American elementary and secondary school children attend private schools. Over-three fifths of these children are in Catholic schools, despite a decline in Catholic enrollments in recent years.
- The proportion of blacks in private schools has increased dramatically in recent years, particularly in elementary schools and in central cities; however, whites enroll in private schools at more than twice the rate of blacks.
- Private school attendance is greatest in the Northeast and North Central regions, but the differences among regions have narrowed over the last decade.

Current Federal and State Relationships with Private Schools

- State and Federal assistance for children in private schools has generally been justified on the basis of the child-benefit theory. State aid mechanisms that apply equally to children in public and private schools and that do not aid institutions directly have withstood judicial challenge better than other types of aid arrangements.
- Many States provide a variety of educational services to private school children, and the types and amounts of aid seem to have increased over the last several years. State aid for private school children does not appear to be accompanied by extensive, direct State regulation.

- Federal program authorizations, especially ones enacted since 1965, call for equitable treatment of children enrolled in private schools. The limited research suggests that the extent to which private school children are served in Federal programs is determined largely by local interpretation of Federal (and State) program guidelines.

Parental Choice of Public and Private Schools

The household survey conducted by the School Finance Project indicates that:

- Parents with children in different types of schools tended to choose those schools for different reasons. When parents selected public schools it was most often based on academic considerations, although private school cost and logistical factors were also important. Catholic and other religious schools were chosen for a combination of religious and academic reasons, and independent schools were chosen primarily because of their academic standards and courses.
- The household survey found that 9 percent of public school parents said they would be "very likely" and an additional 14 percent said they would be "somewhat likely" to switch their children to private schools in response to a tax credit of $250. Those most "likely" to switch tended to be blacks, Hispanics, children from lower-income and less educated families, and residents of central cities. While respondents from these groups indicated the greatest "likelihood" of switching, these parents also tended to be less knowledgeable about tax credits than other types of respondents.

Experience with Aid for Private Education Abroad

Experience with aid arrangements outside the United States in the form of institutional rather than student or parental assistance, indicates that:

- Aid for private education has not, in the short term, produced massive shifts in enrollments from public to private schools. Over the long run, greater shifting has occurred in some countries, particularly in religiously-affiliated schools.
- Government financing of the capital costs incurred by private schools appears to be a greater stimulus to expansion of the private sector than aid to parents in the form of tax credits and deductions.

The household survey and findings from other studies presented in the report provide some insights into possible consequences of tuition tax credits and other forms of aid for private school students and parents, but there are significant limitations to these analyses. In assessing the survey results, one must be cognizant that experience with preference polling indicates that reported preferences do not always correspond well to actual behavior. Moreover, in this instance, where the features of a hypothetical tuition

tax credit could only be stated in general terms and where availability of private school spaces is unknown, it is not possible to use the reported preferences to predict actual behavior with confidence. The international experience also provides limited insights because it mainly examines direct institutional funding, an approach not likely to meet constitutional standards in this country. Other types of studies have different types of limitations. One approach that offers some possibility of directly examining behavior in response to various forms of aid would be experiments with vouchers. Past efforts by the Federal Government to stimulate such experiments have been limited and have not involved private school choices. However, this approach may become more attractive in the future as conditions change and as public interest in exploring alternatives expands. Only through actual implementation of more ambitious programs of public support for parental choice can the consequences of these approaches be determined.

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ACKNOWLEDGMENTS

This report on "Financing Private Elementary and Secondary Education," is the second of four reports prepared by the School Finance Project for the Secretary of Education, as required by P.L. 95-561, Section 1203 of the Education Amendments of 1978. The report presents important information on private schools today and has the potential to contribute significantly to the development of Federal policy in elementary and secondary education.

The report reflects the collective efforts and hard work of the members of the School Finance Project. I would like to commend the staff for a job well done. In particular, I wish to acknowledge the contribution of Joel D. Sherman, who took over as Acting Director of the Project late in 1982 and had primary responsibility for the production of the report.

Other members of the staff also contributed greatly to the effort. Mary Frase Williams, supported by Amy Hutner and Kimberly Small Hancher, had major responsibility for the design and implementation of the household survey, and for the analyses and findings presented in Chapter 4 of the report. This survey represents one of the original contributions of the Project to knowledge about school choice and will add greatly to our understanding of private education today. Esther O. Tron and Mark A. Kutner prepared the material in Chapter 2 of the report on the relationship between Federal and State governments and private schools, and Linda Addison was responsible for the section that discussed the debate on Federal initiatives to assist families of private school children.

The Project also benefited enormously from the work of several other people. Richard White and Mary Eileen Dixon of the Bureau of Social Science Research had primary responsibility for the data collection on the household survey and the preparation of the data base used by the School Finance Project in developing its analyses. Michael Brick at NCES provided valuable statistical advice at critical phases of the Project's work on the survey.

Finally, a special note of appreciation must be reserved for Martha Jean Willis whose patience and tireless work on the word processor resulted in the production of the manuscript of the report. It would have been impossible to produce this report without her extraordinary efforts under difficult circumstances.

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Assistant Secretary
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and Improvement

Chapter 1

INTRODUCTION

Private schools have historically constituted an important segment of American education. Today, about 20 percent of the nation's schools are private and 11 percent of the nation's school children attend private schools. In terms of finance, private schools generate from non-government sources a significant portion of the capital and operating funds that finance American elementary and secondary education. Furthermore, Federal, State, and local government policies and practices -- many administered outside of education agencies -- have a major impact on the financial viability of private schools and upon their capacity to generate funds.

The appropriate governmental relationship with private education has been the subject of controversy for many years. Some argue that parents should be able to choose private or public schools for their children without financial sacrifice and that the limitations on public financial support for private schools should be eliminated. Others argue that financial support for private education is an improper use of public funds, that aiding private schools is unconstitutional, and that aid to private schools could have undesirable social consequences. Among those who endorse some public support, there are major disagreements over what the limits should be, what forms of aid are desirable, and what should be expected of private schools that receive public support.

Concern with private schools, and the consequences of government involvement with private institutions, resulted in the inclusion of a set of issues relating to the finance of private education in Section 1203 of the Education Amendments of 1978. Specifically, Section 1203(e)(10) mandated "an analysis of current and future Federal assistance for non-public elementary and secondary education, including the extent of non-public participation in Federal programs, trends in enrollments and costs in private education, the impact of private schools on public enrollments and financial support, and an examination of alternative Federal policies for support of private education." The studies that resulted from this mandate are presented in this report.

The report takes as its point of departure the fact that private schools represent an important segment of American elementary/secondary education, that State and Federal governments currently provide limited financial aid for private school children within certain constitutional constraints, and that the major debate about the Federal role as it relates to private education centers around new types of aid arrangements and their potential consequences. Topics relating to these issues are examined in four chapters.

Chapter 2 looks at "Private Schools at the Beginning of the 1980s," and addresses

three major topics: trends in private school enrollments and costs, State relationships with private schools, and Federal assistance for private school children. The chapter draws on information from existing data collections and surveys and provides a synthesis of the current literature on these subjects.

Chapter 3, "Federal Aid for Private School Families: New Initiatives," identifies and describes the major aid proposals considered in recent years and reviews important arguments on both sides of the issue of aid for families with children in private schools.

Chapter 4 "Parental Choice of Schooling," presents the results of a household survey conducted by the School Finance Project on parental choice of schools and tuition tax credits. The main areas covered in the report include factors associated with current parent choice of public and private schools, parental knowledge of tuition tax credits, and parental preferences to change their child's school placement in response to such a credit.

Chapter 5, "International Experience: Public Support for Private Education," examines the experience of several other countries in financing private elementary and secondary education and provides some insights about possible implications for the United States of different forms of aid. Topics include public and private school enrollments, the cost and financial support of public and private education, and regulation of private schools. This look at arrangments abroad was undertaken because there is so little experience with public financing of private education in this country and only marginal information on the impact of existing aid arrangements. While the experience of other countries must be viewed with caution due to differences in traditions and governance, and particularly because many of the aid programs involve direct institutional support of private schools, this experience provides some empirical evidence that bears consideration by policymakers in the United States.

Chapter 2

PRIVATE SCHOOLS AT THE BEGINNING OF THE 1980s

Private schools have been the subject of considerable interest in recent years. Although large gaps in our knowledge of private schools still remain, the knowledge of private school enrollments and characteristics of private schools has improved significantly. This chapter of the report presents information on several topics that shape the context of Federal policy vis-a-vis parental choice and private education. Three major topics are included in this chapter: (1) trends in private school enrollments and costs, (2) State financial assistance to private school students and regulation of private schools, and (3) Federal assistance to private school children.

The information presented here draws from existing data sources. Trends in private school enrollments were developed based on the three major national data sources that collect information on the subject: the decennial census, the Current Population Survey (CPS) of the Bureau of the Census, and school surveys produced by the National Center for Educational Statistics (NCES). The following discussion highlights some of the areas of consistency/inconsistency among these sources of information. The material on State aid for private school students is drawn mainly from the survey conducted in 1981 by Richard Duffy for the United States Catholic Conference and from material collected from State sources during 1982 by E.H. White and Company under contract with the School Finance Project. Other secondary source material was used in the section on Federal involvement with private schools, particularly in the discussion of the provisions of private school participation in Federal education programs.

Private School Enrollments

The major national data sources that provide information about private school enrollments suggest the following points about the size and composition of the private school sector at the beginning of the 1980s:[1]

[1]The quantity and quality of private school enrollment figures is considerably below that for public schools. As a result, much less is known about private school enrollment trends, either because no data are available or because the data available are not consistent. As indicated in the text, there are three major sources of data about private school enrollment: the decennial census which provides information only at ten-year intervals; the October supplement to the Census Bureau's Current Population Survey (CPS); and the National Center for Education Statistics (NCES) annual data collection, which has changed the data gathering procedures for private schools over the past decade. The three sources tend to gather somewhat different information, so different data sources must be used for different types of analysis. Even in instances where all three gather similar information, the results sometimes vary considerably. These data inconsistencies and gaps can make it difficult to reach definitive conclusions about the

- o Private school enrollments represent between 10 and 11 percent of elementary/secondary school enrollments, with a higher proportion in the elementary grades than in high school.
- o Private school enrollments declined between 1970 and 1980, but there is disagreement among the data sources as to whether they declined more or less rapidly than public school enrollments.
- o Catholic schools continue to enroll the majority of private school children, but the number and proportion of private school children in Catholic schools has dropped significantly over the last fifteen years, while enrollments in independent (non-religiously-affiliated) schools have increased.
- o The proportion of children in private schools is higher in the Northeast and North Central regions of the country than in the South and West, but differences among the regions have narrowed slightly in recent years.
- o The proportion of children in non-Catholic, church-related schools and independent schools is higher in the South and West than in the Northeast and North Central regions, while the reverse is true for Catholic school enrollments.
- o Central cities enroll a higher proportion of children in private schools than suburbs or non-metropolitan areas.
- o Black private school enrollment has increased significantly in recent years, particularly at the elementary school level and in central cities. However, the proportion of whites enrolled in private schools is more than double the proportion of blacks.
- o Families with higher income levels have a higher proportion of children in private schools.
- o For families with incomes under $50,000, nearly 90 percent of the private school children are in church-affiliated schools; for families with incomes over $50,000, the proportion drops to 56 percent of private school enrollment.

Size and Changes in Private School Enrollments

The number of children enrolled in private schools in grades K-12 ranges from estimates of 4.66 million by the CPS in October, 1979 to tabulations of 5.03 million by the NCES in Fall 1980 and 5.04 million by the Census in April, 1980. The proportion of children enrolled in private schools was 10.1 percent, 10.9 percent, and 10.7 percent of total U.S. school enrollment by each of these sources respectively. Between 70 and 75 percent of the children in private schools were enrolled at the elementary level, with estimates of the number of children ranging from 3.54 million in the CPS to 3.72 million estimated by the census (Table 2-1). Estimates of high school enrollment ranged from

Table 2-1

Private School Enrollments, 1979, 1980
(Grades K-12)

	Current Population Report October, 1979	Census of Population April, 1980	National Center for Educational Statistics Fall, 1980
Elementary & High School			
Total Enrolled	46,006,000	47,187,053	46,012,958
Public	41,342,000	42,143,324	40,984,093
Private	4,664,000	5,043,729	5,028,865
Percent Private	10.1%	10.7%	10.9%
Elementary			
Total Enrolled	30,890,000	32,021,321	31,301,838
Public	27,348,000	28,303,589	27,664,973
Private	3,542,000	3,717,732	3,636,865
Percent Private	11.5%	11.6%	11.6%
High School			
Total Enrolled	15,116,000	15,165,732	14,711,120
Public	13,994,000	13,839,735	13,319,120
Private	1,122,000	1,325,997	1,382,000
Percent Private	7.4%	8.7%	9.5%

Sources: U.S. Bureau of the Census, Current Population Reports, Private School Enrollment, Tuition, and Enrollment Trends: October, 1979, Series P-23, No. 121, September, 1982; U.S. Bureau of the Census, Provisional Estimates of Social, Economic, and Housing Characteristics, PHC 80-S1-1, March, 1982; and National Center for Educational Statistics, Digest of Educational Statistics, 1982, May, 1982.

1.12 million by CPS to 1.39 million by the NCES.

The decennial census, NCES, and CPS all estimate private elementary school enrollments at about 11.5 percent of the total, while estimates of private school enrollments at the high school level range from 7.4 percent by the CPS to about 9.5 percent by the NCES. Annual estimates in the CPS show some fluctuation at both levels, but elementary enrollments have for the last several years been in the 11 percent range and secondary enrollments between 7 and 8 percent (U.S. Bureau of the Census, 1982).

A comparison of estimates of change in private school enrollment over the 1970s by Census, the CPS, and NCES reveals some inconsistencies (Table 2-2). For K-12 enrollments, the decennial census shows that private school enrollments dropped by about 650,000 -- or about 11.5 percent -- between April, 1970 and April, 1980. NCES, by contrast, estimates a decline of only 6.4 percent (NCES, 1982).[2] On the other hand, CPS figures show a much higher decline in private school enrollments -- about 18.4 percent between October, 1969 and October, 1979.

As a result of these differences, the change in the relative size of the private school sector over time is inconsistent among the different surveys. Census data and the CPS surveys both show that private school enrollments declined more rapidly than public school enrollments during the 1970s, with the result that the private school share of total enrollments declined slightly over the period. NCES data, in contrast, show a less rapid decline in private as compared to public school enrollments. With the NCES published estimate of a 6.5 percent decline in private enrollment, and a 10.7 percent decline in public enrollments, the private school share increased from 10.5 to 10.9 percent.[3]

For the late 1970s, there is greater agreement between CPS and NCES than the foregoing figures. Both surveys estimate a slightly higher decline in public as compared to private school enrollments and consequently a slight increase in the proportion of children in private schools. CPS showed an increase from 9.4 to 9.8 percent between 1976 and 1979; NCES indicated an increase from 10.5 to 10.9 percent.

Composition of Private School Enrollment

In 1979-80, NCES estimated Catholic school enrollments at about 3.2 million -- or about 63 percent of the total, while another 1.0 million (21 percent) were in schools with other religious affiliations, and the remaining 800,000 (16 percent) were enrolled in non-

[2] Unpublished NCES figures show only 2.2 percent decline from Fall 1970 to Fall 1980.

[3] The discrepancy between NCES and other reports in private school enrollment trends could be a result of NCES' practice of surveying institutions rather than households and changes in NCES' data collection procedures in recent years and because some institutions reporting to NCES include pre-K enrollment.

Table 2-2

Change in Private School Enrollments, 1970-1980
(Grades K-12)

	Current Population Report	Census of Population	National Center for Educational Statistics
	October 1969-1979	April, 1970-1980	October, 1970-1980 Based on Published Estimate
Elementary & High School			
Public and Private			
1969	51,617,000	50,715,900	51,267,560
1979	46,006,000	47,187,053	46,012,958
Percent Change	-10.8%	-7.0%	-10.2%
Private			
1969	5,711,000	5,696,100	5,372,719
1979	4,663,000	5,043,729	5,028,865
Percent Change	-18.4%	-11.5%	-6.4%
Public			
1969	45,907,000	45,019,800	45,894,841
1979	41,343,000	42,143,324	40,984,093
Percent Change	-9.9%	-6.4%	-10.7%

Sources: U.S. Bureau of the Census, Private School Enrollment, Tuition, and Enrollment Trends: October, 1979, Current Population Reports, Series P-23, No. 121, September, 1982; U.S. Bureau of the Census, Provisional Estimates of Social, Economic, and Housing Characteristics, PHC 80-S1-1, March, 1982; Census of Population, 1970; National Center for Educational Statistics, Digest of Educational Statistics, 1982, May, 1982.

church-related schools (Table 2-3). Over the last fifteen years, the composition of private school enrollments has shown a dramatic change. Catholic enrollments fell sharply between the mid-60s and mid-70s -- although the rate of decline has slowed greatly over the last few years -- and the proportion of children in Catholic schools has dropped considerably. Enrollments in schools with other religious affiliations have varied -- some have decreased, while others have been fairly stable, or had significant enrollment increases (NCES, 1980 and 1982). As a whole, however, the proportion and number of children enrolled both in other religiously-affiliated schools and in independent schools is much higher today than it was in the mid-1960s (Table 2-3). Most of the big change, however, occurred from the mid-1960s to the mid-1970s; since 1976, there has been relatively little change in the composition of private school enrollments.

Regional and SMSA Patterns

Estimates of private school enrollments by NCES for Fall, 1980 show that the proportion of children in private schools in the Northeast[4] is nearly twice that in the South (Table 2-4). The survey also indicates that between 1976-77 and 1980-81 enrollment has declined in all regions except the West, but the proportion of children in private schools has increased in all regions of the country.[5] (See Table 2-5). The most striking example of private school enrollment increase was California, where the number of children in private schools rose by about 46,000 children -- or about 9.7 percent -- between 1976 and 1980 (School Finance Project, 1982, p. 78).

Catholic schools account for a much larger proportion of private school students in the Northeast and North Central regions than in the West and South. Non-Catholic religious schools and independent schools make up a larger proportion of private schools in the South and West than in the other two regions. All four regions have, however, experienced a shift in enrollments from Catholic to non-church-affiliated schools between 1976 and 1980. Outside the West, enrollments declined in Catholic and non-Catholic church-related schools and increased in independent schools. In the West, enrollments grew in all three types of schools, but the upturn in religious schools was significantly lower than the increase in the independent school sector (Table 2-5).

The percentage of students enrolled in private schools has traditionally been higher in central cities than in other types of jurisdictions. According to CPS estimates, about

[4]See Appendix A for a listing of the States included in each region.

[5]The CPS, in contrast, shows a much lower proportion of children enrolled in private schools in the Northeast and the North Central regions than NCES -- and consequently smaller regional variation in private school enrollments.

Table 2-3

Private School Enrollments by Affiliation 1965 to 1980
(Grades K-12)

	1965-66		Fall, 1976		Fall, 1978		Fall 1980	
	Number	Percent of Private Enrollment	Number	Percent of Private Enrollment	Number	Percent of Private Enrollment	Number	Percent o Private Enrollmen
Catholic Schools	5,481,300	86.9%	3,422,949	65.8%	3,273,203	64.5%	3,190,687	63.4%
Other Church-Related	482,200	7.6%	1,084,982	20.9%	1,052,949	20.7%	1,035,804	20.6%
Total Church-Related	5,963,500	94.6%	4,507,931	86.6%	4,326,152	85.2%	4,226,491	84.0%
Not Church-Related	341,300	5.4%	695,561	13.4%	751,006	14.8%	802,374	16.0%
Total Private Enrollment	6,304,800	100.0%	5,203,492	100.0%	5,077,158	100.0%	5,028,865	100.0%

Sources: National Center for Educational Statistics, Statistics of Non-public Elementary and Secondary Schools, 1965-66, p.7; unpublished data, Fall, 1976, from universe of private school surveys; Digest of Education Statistics, 1980, p.45; Digest of Education Statistics 1982, p.49.

Table 2-4

Private School Enrollments by Region and Affiliation
Fall, 1980 (thousands)

Region	Public & Private Enrollment	Private Enrollment		Catholic Enrollment		Other Church-Affiliated Enrollment		Non-Church-Affiliated Enrollment	
	Number	Number	Percent of Total	Number	Percent of Private	Number	Percent of Private	Number	Percent of Private
Northeast	9,744	1,531	15.7%	1,158	75.6%	168	11.0%	205	13.4%
North Central	12,244	1,480	12.1	1,104	74.6	282	19.0	95	6.4
South	15,383	1,249	8.1	543	43.5	363	29.0	343	27.5
West	8,641	769	8.9	386	50.2	223	29.0	160	20.8
UNITED STATES	46,013	5,029	10.9%	3,191	63.4%	1,036	20.6%	803	16.0%

Source: National Center for Education Statistics, Digest of Education Statistics 1982, p.49.

Table 2-5

Change in Public and Private School Enrollments by Region and Affiliation, Fall, 1976 to Fall, 1980

Region	Total Public Enrollment	Total Private Enrollment	Catholic Enrollment	Other Church-Affiliated Enrollment	Non-Church-Affiliated Enrollment
Northeast	-13.6%	-8.0%	-10.0%	-16.0%	+15.4%
North Central	-10.9	-5.1	-7.6	-2.7	+26.0
South	-2.9	-1.2	-2.4	-7.0	+8.0
West	-3.7	+7.4	+0.2	+8.6	+27.5
UNITED STATES	-7.6%	-3.4%	-6.8%	-4.5%	+15.4%

Source: National Center for Education Statistics, unpublished data, Fall, 1976 from Universe of Private School Survey, 1976; Digest of Education Statistics, 1982, p. 49

16 percent of central city school children were enrolled in private schools in 1979, compared with 10 percent in suburban areas and 5 percent in non-metropolitan areas. Cities, suburbs and rural areas experienced a decline in the proportion of children in private schools during the early 1970s and a smaller increase during the latter part of the decade (Table 2-6).

Race

The data on the racial composition of private schools comes from the CPS. In 1979, nearly 11 percent of white children were enrolled in private elementary and secondary schools, while for black children the proportion was less than half that percentage (Table 2-7). However, for whites, the number and the proportion of children in private schools were lower in 1979 than in 1969 at both the elementary and the secondary school level, while for blacks, both were higher at the end of the 1970s. At the elementary school level, in particular, the proportion of blacks has increased markedly but is still below the proportion of white students in private schools.

With a decline in white private school enrollment over the 1970s of about 17 percent and an increase in black enrollment of over 52 percent, the black proportion of private school enrollments has increased dramatically. In 1969, blacks represented only about 4.9 percent of private elementary school children; by 1979, that had increased to 8.4 percent. At the high school level, the trend was not as marked, but the proportion of blacks did increase by over 30 percent, from the 5.0 percent in 1969 to 6.6 percent in 1979.

In Catholic schools, the increase in minority enrollment is particularly pronounced (NCEA, 1983). In 1970-71, minorities accounted for about 10.8 percent of Catholic school enrollments; by 1982-83, the proportion had increased to 20.4 percent. In the last few years, minority enrollments increased both in percentage and absolute numbers, while non-minority enrollments continued to decline.

The difference between black and white enrollment in private schools is even greater in the central cities than it is in the country as a whole. While both black and white children are more likely to attend private schools if they live in a central city, private school attendance is greater among whites. Changes in private school enrollments for both groups in the cities parallel those in the entire nation; there are declining numbers and proportions of white private school students along with rising black enrollments, thereby narrowing somewhat the big difference between black and white attendance patterns (Table 2-8).

Income

CPS data show a strong relationship between family income and private school

Table 2-6

Private School Enrollment by Jurisdiction, October 1969-1979
(thousands)
(Grades K-12)

Year	Central City		Metropolitan, but Outside Central City		Nonmetropolitan	
	Number	Percent of Total Enrollment	Number	Percent of Total Enrollment	Number	Percent of Total Enrollment
1979	1,947	16.3%	1,893	10.2%	822	5.3%
1974	2,061	14.6	2,000	10.1	807	5.0
1969	2,309	16.9	2,215	11.6	1,189	6.3
	Change	Percent Change	Change	Percent Change	Change	Percent Change
1969-1979	-362	-15.7%	-322	-14.5%	-367	-30.9%
1969-1974	-248	-10.7	-215	-9.7	-382	-32.1
1974-1979	-114	-5.5	-107	-5.3	+15	+1.9

Source: U.S. Department of Commerce, Bureau of the Census, Current Population Reports, Special Studies, Private School Enrollment, Tuition, and Enrollment Trends: October 1979, Series P-23, No. 121, September 1982, p.17 U.S. Bureau of the Census. School Enrollment; Social and Economic Characteristics of Students; October 1974, Current Population Reports, Series P-20, October, 1974; U.S. Bureau of the Census. School Enrollment; Social and Economic Characteristics of Students: October 1979, Current Population Reports. Series P-20, No. 206, October, 1969.

Table 2-7

Private School Enrollment by Race, October, 1969-1979
(Grades K-12)

	White Enrollment in Private Schools		Black Enrollment in Private Schools	
	Number	Percent of White Public and Private Enrollment	Number	Percent of Black Public and Private Enrollment
Elementary & High School				
1979	4,186	11.0%	371	5.3%
1974	4,574	10.9	232	3.2
1969	5,368	12.2	272	3.9
	Change	Percent Change	Change	Percent Change
1969-1979	-1,182	-22.0%	+ 99	+36.4%
1969-1974	-794	-14.8	- 40	-14.7
1974-1979	-388	- 8.5	+139	+59.9
Elementary School	Number	Percent Enrollment	Number	Percent Enrollment
1979	3,153	12.4%	297	6.2%
1974	3,467	12.0	178	3.5
1969	4,283	13.7	215	4.1
	Change	Percent Change	Change	Percent Change
1969-1979	-1,130	-26.4%	+ 82	+38.1%
1969-1974	-816	-19.1	- 37	-17.2
1974-1976	-314	- 9.1	+119	+66.9
High School	Number	Percent Enrollment	Number	Percent Enrollment
1979	1,033	8.2%	74	3.3%
1974	1,107	8.5	54	2.5
1969	1,085	8.6	57	3.2
	Change	Percent Change	Change	Percent Change
1969-1979	-52	-4.8%	+17	+29.8%
1969-1974	+22	+2.0	-3	-5.3
1974-1979	-74	-6.7	+20	+37.0

Source: U.S. Department of Commerce, Bureau of the Census, Current Population Reports, Special Studies, Private School Enrollment, Tuition, and Enrollment Trends: October, 1979, Series P-23, No. 121, September, 1982, p.15. U.S. Bureau of the Census. School Enrollment: Social and Economic Characteristics of Students: October 1974. Current Population Reports. Series P-20, October, 1974; U.S. Bureau of the Census. School Enrollment: Social and Economic Characteristics of STudents: October 1969. Current Population Reports. Series P-20, No. 206, October, 1969.

Table 2-8

Private School Enrollment in Central Cities by Race, October 1969-1979
(Grades K-12)
(thousands)

	White Enrollment in Private Schools		Black Enrollment in Private Schools	
Elementary & High School	Number	Percent of White Public and Private Enrollment	Number	Percent of Black Public and Private Enrollment
1979	1,583	20.6%	309	8.0%
1974	1,868	19.3	161	3.9
1969	2,070	21.5	199	5.2
	Change	Percent Change	Change	Percent Change
1969-1979	-487	-23.5%	+110	+55.3%
1969-1974	-202	- 9.8	- 38	-19.1
1974-1979	-285	-15.2	+148	+91.9
Elementary School	Number	Percent Enrollment	Number	Percent Enrollment
1979	1,159	22.4	245	9.2%
1974	1,388	20.6	124	4.2
1969	1,598	23.3	153	5.3
	Change	Percent Change	Change	Percent Change
1969-1979	-439	-27.4%	+ 92	+60.1%
1969-1974	-210	-13.1	- 29	-18.6
1974-1979	-229	-16.5	+121	+97.6
High School	Number	Percent Enrollment	Number	Percent Enrollment
1979	424	17.0%	64	5.3%
1974	480	16.4	37	3.1
1969	472	17.1	46	4.9
	Change	Percent Change	Change	Percent Change
1969-1979	-48	-10.2%	+18	+39.1%
1969-1974	+8	+1.7	-9	-19.6
1974-1979	-56	-11.7	+27	+73.0

Source: U.S. Department of Commerce, Bureau of the Census, Current Population Reports, Special Studies, Private School Enrollment, Tuition, and Enrollment Trends: October 1979, Series P-23, Nol 121, September 1982, p.17-19.

U.S. Bureau of the Census. School Enrollment: Social and Economic Characteristics of Students: October 1974. Current Population Reports, Series P-20, October, 1974; U.S. Bureau of the Census. School Enrollment: Social and Economic Characteristics of Students: October 1969. Current Population Reports. Series P-20, No. 206, October, 1969.

attendance. In families with incomes under $15,000, about 5 percent of the children are enrolled in private schools; the proportion rises to 27.5 percent for families with incomes above $50,000 (Table 2-9). This relationship is evident in both church-related and non-church-related schools, but it is most apparent for schools without a religious affiliation, where the rate of attendance for children in families with incomes over $50,000 is more than five times greater than any other income group.

There are also differences in the types of private school that children attend at different income levels. The vast majority of the private school children in families with incomes under $50,000 are in church-affiliated schools, but that is true for only a little over half of those from families with incomes over $50,000. A much higher proportion of children in independent schools are from families with incomes above $50,000 than is the case in church-related schools or the public schools.

Tuition at Private Schools

Private school tuitions and fees vary by type of school and grade level, by region, by type of jurisdiction in which the school is located, and by family income level. The following differences in private school tuitions are among the most important:

- o Tuition paid in independent private schools is significantly higher than tuition at church-related schools.

Estimates of private school tuitions paid for elementary and high schools combined reveal a mean tuition ratio of 3 to 1 for independent schools to church-related schools (Table 2-10). At the elementary school level, the ratio was about 3 1/2 to 1, and at the high school level, this ratio was slightly over twice as high as in church-related schools.

- o Significant regional differences exist in the tuition paid at church-related and non-church-related schools.

Tuitions paid in private elementary and high schools in the South and West are about 50 percent above the average for private schools in the North Central region and about 25 percent higher than in the Northeast (Table 2-10). For church-related schools the pattern is similar to that for all private schools, but for non-church-related schools, the pattern is nearly the reverse. The highest tuition is in the Northeast, followed by the North Central and West, and then the South. In October 1979, average tuition paid in non-church-related schools in the Northeast were about 85 percent higher than average tuition in those schools in the South.

- o About one-fourth of private school children are enrolled in schools where tuition paid was less than $300 in 1979; about one-third were in schools where tuition paid was less than $500.

A significant proportion of private school students attend schools with relatively

Table 2-9

Private School Enrollment by Family Income, October 1979
(thousands)
(Grades K-12)

Family Income	Public & Private Enrollment	Private Enrollment		Enrollment in Church-Related Schools			Enrollment in Non-Church-Related Schools		
		Number	Percent of Public and Private Enrollment	Number	Percent of Public and Private Enrollment	Percent of Private Enrollment	Number	Percent of Public and Private Enrollment	Percent of Private Enrollment
Under $15,000	16,802	889	5.3%	776	4.6%	87.3%	84	0.5%	9.4%
$15,000-24,999	12,862	1,367	10.6	1,247	9.7	91.2	101	0.8	7.4
$25,000-49,999	7,973	1,163	14.6	994	12.5	85.5	157	2.0	13.5
$50,000 and over	1,493	411	27.5	229	15.3	55.7	173	11.6	42.1
All Incomes*	42,353	4,200	9.9%	3,518	8.3%	83.8%	584	1.4%	13.9%

*Totals from sub-groups do not add up to 100% because some respondents did not report family income levels.

Source: U.S. Department of Commerce, Bureau of the Census, Current Population Reports, Special Studies, Private School Enrollment, Tuition and Enrollment Trends: October 1979, Series P-23, No. 121, September 1982, p.21.
U.S. Bureau of the Census, School Enrollment; Social and Economic Characteristics of Students: October 1974. Current Population Reports. Series P-20, October, 1974; U.S. Bureau of the Census, School Enrollment; Social and Economic Characteristics of Students: October 1969. Current Population Reports. Series P-20, No. 206, October, 1969.

Table 2-10

Private School Tuition and Fees by Type of Private School
(Grades 1-12)

	Mean Tuition and Fees in Private Schools		
	Total Private School	Church-Related Schools	Non-Church-Related Schools
UNITED STATES:			
Elementary & High School	$ 722	$560	$1,678
Elementary	557	420	1,494
High School	1,177	976	2,013
	Elementary and High School		
Regions:			
Northeast	$ 697	$527	$2,287
North Central	556	446	2,018
South	869	740	1,233
West	866	619	1,901
Jurisdiction:			
Metropolitan	$ 741	$576	$1,792
Central City	738	602	1,627
Outside Central City	745	549	1,959
Non-metropolitan	618	467	1,255
Income Level:			
All Incomes	$ 721	$558	$1,701
Under $15,000	515	440	1,218
$15,000-24,999	597	527	1,525
$25,000-49,999	734	600	1,589
$50,000 and over	1,472	868	2,230

Source: U.S. Department of Commerce, Bureau of the Census, Current Population Reports, Special Studies, Private School Enrollment, Tuition, and Enrollment Trends: October 1979, Series P-23, No. 121, September 1982, p. 27,28.

low tuition levels, particularly at the elementary level. Nearly one-third of the elementary children were in schools with tuition under $300 and nearly half were in schools where tuition paid was less than $500 in 1979. At the high school level, however, only about two percent of the children were enrolled in schools with tuition less than $300 and about 5 percent were in schools with tuition of less than $500 (Table 2-11).

- o There is a strong relationship between family income and the tuition paid at private schools. As family income increases, there is a corresponding increase in the average tuition paid at private schools.

In church-related schools, the average tuition paid by families with incomes over $50,000 was nearly twice the average tuition paid by families with incomes under $15,000 (Table 2-11). In non-church-related schools, the relationships were about the same, but the average tuition levels were significantly higher. This relationship between tuition levels and family income was also evident when elementary and high school tuitions were considered separately. Over half the children from families with incomes over $50,000 were in schools where tuition was over $1,000 for the 1979-80 school year (Table 2-10), most likely an independent school where tuition is higher.

Conclusion

While data on private school enrollment are not so detailed as data for public schools, some information is available on overall enrollment, church affiliation, race, income and regional patterns at the beginning of the 1980s. Enrollments, which had been declining sharply in the late 1960s and early 1970s, appeared to stabilize in the late 1970s and currently account for between 10 and 11 percent of all elementary and secondary students. Catholic schools still enroll over half of private school students, but their share has dropped considerably due to sharp enrollment declines at the same time independent schools experienced rapid increases. The national enrollment statistics are not sufficiently detailed to support or refute the reported rise in the number and enrollment in schools with other religious affiliations, particularly Christian fundamentalist and evangelical schools (Cooper and McLaughlin, 1982). It is clear that black private school enrollment has increased markedly in recent years and that private school children, particularly those in independent schools, come more from white and upper income families. Private school attendance is highest in the Northeast and North Central regions, but the edge over the South and West has declined over the last several years.

State Relationships with Private Schools

The previous sections described the private school sector as it now exists. This section reviews current State policies or programs relating to private school students. In

Table 2-11

Private School Tuitions and Fees (Grades 1-12)

	Annual Tuition and Fees*					
	Under $300	$300 - 499	$500 - 749	$750 - 999	$1,000 - 1,499	$1,500 & Over
UNITED STATES:						
Elementary and High School	24.8%	12.9%	16.0%	11.1%	12.2%	8.2%
Elementary	32.9	16.2	15.3	6.4	7.1	6.3
High School	2.2	3.6	17.9	24.2	26.1	12.7
	Elementary and High School					
Regions:						
Northeast	33.1%	14.8%	11.9%	7.5%	9.6%	9.6%
North Central	34.3	12.0	13.2	9.9	10.6	4.1
South	8.6	11.3	23.0	15.9	16.7	9.4
West	17.6	13.9	17.3	24.6	12.2	12.1
Income Level:						
All Incomes	24.9%	13.0%	16.1%	11.0%	12.2%	8.2%
Under $15,000	29.0	16.2	18.9	10.1	5.7	3.3
$15,000-24,999	29.0	13.5	16.2	12.7	9.8	4.1
$25,000-49,999	24.8	12.6	16.5	11.2	16.4	9.2
$50,000 and Over	11.	8.5	10.9	7.3	20.2	32.1

*Percentages do not add up to 100% because sample includes respondents who did not report tuition, or who paid no tuition.

Source: U.S. Department of Commerce, Bureau of the Census, Current Population Reports, Special Studies, Private School Enrollment, Tuition, and Enrollment Trends: October 1979, Series P-23, No. 121, September 1982, p.25-26.

contrast with several other aspects of private education, there is relatively little information on the relationship between both State and Federal governments and private schools. The last major undertaking on the subject was the President's Commission on School Finance over a decade ago. Since then there have been a few surveys of State and Federal laws relating to nonpublic schools (Jellison, 1975), State provisions of financial support for private schools (Duffy, 1981), and State regulation of private schools (O'Malley, 1980), but these surveys have focused only on constitutional or statutory language, and not on the implementation of the provisions. The brief discussion that follows draws exclusively on these materials, as resource and time constraints did not permit new data collection by the School Finance Project on State finance and regulation of private schools.

Several points of importance about the interaction between State governments and private schools emerged from the review of the existing literature. These are as follows:

- There is great diversity in State constitutional provisions that relate to private education as well as in the interpretation of such constitutional provisions.
- States provide different types of educational services to private school children, and the types and amount of aid seem to have increased over the last several years.
- State aid programs that do not aid institutions directly and that apply equally to children in both public and private schools have generally withstood judicial challenge.
- Compared with State oversight of public schools, private schools are subject to relatively little State supervision and regulation.

State Constitutional Provisions

The provisions in State constitutions that relate to private schools vary significantly. They range from very strict restrictions against any State contact with private schools to fairly permissive relationships. In the area of finance, for example, an HEW study (1975) in the mid-1970s found that thirteen States had constitutional provisions specifically authorizing public aid to nonpublic schools or to private institutions or individuals for educational or charitable purposes under certain conditions; five States had constitutional provisions that allowed for the transportation of private school children; and one State, Louisiana, had a provision that approved free textbooks and other instructional materials to all children in elementary and secondary schools in the State. These provisions were clearly instrumental in setting the parameters of programs of State aid for private education and in the shaping of State regulation of private schools.

State Aid to Private School Children

The amount of State assistance to private education is quite varied, and the type and magnitude of State aid to private schools appears to have increased over the last decade. Duffy's survey (1981) of 49 States (Georgia failed to respond) indicated that more than half the States provided some form of aid for children enrolled in private schools. This aid was primarily for pupil-support educational services, as the review of the Duffy survey by Kyle and Allen (1982) confirmed. According to Kyle and Allen, the number of States providing assistance for various services was as follows: health services (26), aid for the handicapped (17), textbook loans (16), transportation (27), guidance and counseling (9), instructional materials loans (8), psychological testing (14), remedial instruction (7), testing (11), and vocational education (23). In addition, a comparison of the Duffy survey with findings of the President's Commission a decade earlier in the first four areas of service shows that more States were providing these services now than a decade earlier (Kyle and Allen, 1982). Often these services or funds for such services were provided as part of State programs that require comparable services (or funds) for public and private school students.

Court Decisions on State Aid

State aid to private schools has often been the subject of legal challenges based on the First and Fourteenth Amendments to the United States Constitution. However, the tripartite test of constitutionality established by the Supreme Court has generally resulted in the upholding of certain forms of aid and overturning of others.[6] Among the programs of State aid that have withstood judicial challenge are tax exemptions, provisions of textbooks and transportation, and shared services supported under the child-benefit theory. Some of the major court decisions on these types of services include the following:

Tax Exemptions - The legal validity of tax exemptions was challenged in Walz v. The Tax Commission (397 U.S. 664, 674 (1970)). The Supreme Court, while recognizing that tax exemptions are a form of indirect support for religious organizations, upheld their constitutional validity, basing the decision on a number of factors including the breadth of the class that would benefit from the exemptions and the fact that taxation of church property would result in State involvement in the affairs of religious institutions and would violate the First Amendment.

[6]The tripartite test of constitutionality established by the Supreme Court requires that a statute providing aid to private schools meets the following criteria: (1) The statute must have a secular purpose; (2) It must have a primary effect that neither inhibits nor enhances religion; and (3) It must not involve an excessive entanglement of the state in religious affairs. (Lemon v. Kurtzman, 403 U.S. 602 (1971); Epperson v. Arkansas, 393 U.S. 97 (1968); McGowan v. Maryland, 366 U.S. 420 (1961).

Aid for Textbooks and Transportation - Several cases have dealt with the constitutionality of State support of textbooks and transportation for private school children. In Everson v. Board of Education (330 U.S. 1 (1947)) a New Jersey township extended the transportation service provided public school children to those in private Catholic schools. The Supreme Court, in upholding the service ruled that "...we must be careful, in protecting the citizens of New Jersey against state established churches, to be sure that we do not inadvertently prohibit New Jersey from extending its general state law benefits to all its citizens without regard to their religious beliefs."

In Board of Education of Central School District v. Allen (1892 U.S. 936 (1968)), a New York law requiring that textbooks be loaned free of charge by school boards to all students in specified grades was challenged in court. In upholding the law, the Court reiterated the criteria stated in the Everson case, namely that the law was constitutional because it had a secular legislative purpose and a primary effect that neither advanced nor inhibited religion.

Other types of finance arrangements involving both direct public assistance to private schools and more indirect aid through the tax system have generally been overturned by the courts. Arrangements that have been overturned include:

Direct Institutional Support - Two major cases have dealt with different types of direct State financial support of private schools. A Pennsylvania case, Lemon v. Kurtzman (403 U.S. 602 (1971)) dealt with a 1968 statute which authorized State reimbursement of nonpublic schools' expenditures for teachers' salaries, textbooks and instructional materials that were incurred based on contracts between the schools and the Superintendent of Public Instruction. A Rhode Island case, Early v. DiCenso, (403 U.S. 602 (1971)), dealt with a statute that authorized a 15 percent salary supplement from the State for teachers in nonpublic schools where average per pupil expenditures were less than expenditures in public schools. Both laws were overturned on the grounds that "the cumulative impact of the entire relationship arising under the statutes involve(d) excessive entanglement between government and religion..."

Tuition Grants - Tuition grants have frequently had little success in the courts. In 1972 in Massachusetts, the State Supreme Court ruled unconstitutional a proposed bill to provide $100 to each pupil attending a public or private elementary or secondary school. According to the court, the proposed bill violated the State constitutional prohibition of appropriating public money to schools not publicly owned. An attempt to amend the constitution in November, 1982, to allow State aid to students enrolled in private schools was defeated by a 63 percent vote against the measure.

Tuition payments to private schools, for students who reside in districts without high schools, have not been challenged in Maine, Vermont, and Connecticut. In Ohio and

Pennsylvania, however, State courts have struck down attempts to provide State-funded tuition grants to parents of pupils in private schools on the basis that the primary result was to aid private religious schools.

Tax Credits - Tax credits have been used in at least two States and were found unconstitutional in the one - Minnesota - where they applied only to expenses for private schools. Between 1965 and 1974, Hawaii also provided tax credits for educational expenses that benefited low income families whose dependents were in either public or private schools. These tuition tax credits and other credits in the State tax code were replaced by an excise tax credit in 1974, also designed to assist low-income taxpayers.

Tax Deductions - Tax deductions, when granted only to private school children, were overturned in a New Jersey case. A tax deduction of $1,000 to parents with children in private schools was ruled unconstitutional in New Jersey Public Funds for Public Schools v. Byrne (590 F. 2d 514(1979)). The Court ruled that the statute established religion and entailed excessive entanglement of government with religion since virtually all (714 out of 753 private schools) were religiously-affiliated.

Tax deductions for expenses incurred by parents of children in both public and private schools have been interpreted differently by the courts. In 1980 a tax deduction for school expenses was ruled unconstitutional by a Federal Court of Appeals in a Rhode Island case (Rhode Island Federation of Teachers v. Norberg (630F. 2d 885 (1st Cir. 1980)) on the grounds that 94 percent of the tuition-paying beneficiaries enrolled their children in private schools. However, a Supreme Court decision handed down in June, 1983 upheld a Minnesota statute which permitted parents or guardians a tax deduction of up to $500 for school expenses in grades K-6 and $700 in grades 7-12. In regard to the three-part test laid down in Lemon v. Kurtzman, the Court found the Minnesota statute to have a secular purpose, to have a primary effect that does not advance the sectarian aims of the nonpublic schools, and not to 'excessively entangle' the state in religion. The Court rejected the claim that because 96 percent of the tax deductions claimed by parents are for tuitions paid to parochial schools, the law primarily benefits religion.

In summary, a variety of mechanisms are being used - - or have been tried - - by States to provide assistance to private schools parents and students. In general, the ones that have withstood court challenges are those that (1) do not provide aid to private institutions and (2) can be justified on the basis that their primary intent is not to aid private schools but to provide services or benefits to all children or families. Mechanisms that did not involve both characteristics have generally been ruled unconstitutional under the Establishment Clause in the U.S. Constitution or under State constitutional provisions relating to religion in general or to religious schools specifically.

State Regulation of Private Schools

State regulation of private schools occurs first through statutes that apply generally to all individuals or organizations conducting charitable undertakings. These include building codes, fire regulations, health and sanitation codes, incorporation laws, motor vehicle codes, and child welfare regulations (Jellison, 1975). Second, direct State intervention in private school affairs exists in such areas as accreditation, approval, licensure and certification, but as in the area of financial support, there is significant variation in the restrictiveness of the provisions and in the extent to which they are enforced. A review of the O'Malley survey by Kyle and Allen (1982) found that half the States impose no mandatory regulations on the operation of private schools, while 26 do require private schools to register. Many do not require private schools to report their enrollments, which is one reason enrollment figures are not completely reliable. When State accrediting, approval, and licensure requirements are aggregated to provide a picture of institutional regulation, one finds 18 States with some form of mandatory requirement, 23 States with a voluntary standard, and nine States without a single requirement along these lines. Only thirteen States require private school faculty members to be State certified and in two of these States the law has apparently not been enforced. Another 26 States provide private school faculty with the opportunity of seeking State certification.

While efforts have been made to identify areas where State legal provisions permit or require regulation of private schools, there has been virtually no research on the administration of States' regulatory practices. The little existing evidence on the subject suggests that there is relatively little direct State regulation of private schools, as statutory requirements are not always administered systematically or consistently and in some cases may not be implemented at all. Some preliminary work on legal decisions regarding State regulation of private schools has been done by Lines (1982) at the Education Commission of the States, but a full-scale study of the implementation of State laws and regulations is clearly needed to provide more information on this subject. Moreover, the existing material does not indicate whether State financial support of services for private school children is accompanied by greater regulation or whether the two phenomena are unrelated.

Federal Assistance to Private School Students

The role of the Federal Government in elementary and secondary education has historically been much more limited than that of the States. This applies in the area of private education as well. However, there is relatively little systematic information available that describes the scope and impact of Federal aid to private school students. The discussion that follows describes the evolution of assistance to private school students, reviews the provisions of Federal education programs relating to private schools, and presents the limited available evidence about the extent of private school participation in Federal programs.

ESEA: The Beginning of Federal Aid to Private School Students

The Elementary and Secondary Education Act (ESEA) of 1965 redefined the Federal role in education and was the first Federal program to contain provisions requiring federally-funded services for private school students.[7] Prior to passage of this legislation, the issue of Federal aid to religious schools had been an obstacle to Federal aid for education. The breakthrough which allowed congressional approval of ESEA came in the form of an agreement between interest groups representing both public and religious school organizations over a child-benefit approach to Federal aid. As embodied in Title I, the Federal compensatory education program (now Chapter 1 of the Education Consolidation and Improvement Act), Federal education aid "was to focus on educationally disadvantaged children in both public and private schools; it was not to be considered aid to the school itself" (ACIR, 1981, 32). The result of this agreement was that local school districts were required to make available to eligible private school students educational services paid for by the Federal Government.

ESEA, Title II, School Library Resources, Textbooks and Other Instructional Materials, authorized Federal grants to States for the purchase of instructional materials for both public and private schools. If State law prohibited involvement in programs for private schools, the U.S. Commissioner of Education was responsible for providing these program benefits directly.

The Evolution of Federal Aid Provisions Related to Private School Students

Despite the intention that private school students receive services under ESEA Title I, the extent of private school participation "depended upon the willingness of State and local education agencies to provide such benefits" (Alford, 1979, p. 7). Since 1965

[7]Title III of the National Defense Education Act (NDEA), passed in 1958 included a provision of ten-year loans to private schools for science, math, and foreign language equipment.

the provisions relating to private school student participation in Title I have become increasingly explicit, and there has been a general inclusion of private school students in most Federal education programs. A review of these provisions follows:

Vocational Education Act of 1968

Part G of this Act included the first statement of Federal intent related to private school student participation in vocational education (Wasdkye, Elford, and Hartle, 1980). Specifically, all States participating in cooperative vocational education programs were required to make provisions in their State plans for nonprofit, private school student participation. States were also required to ensure that nonprofit, private school students whose educational needs were of the type for which vocational education programs were designed, received services on an equitable basis with public school students (P.L. 90-576, Sec. 173(a)(6)).

Education Amendments of 1974

These Amendments included legislative provisions to ensure that eligible students in private schools receive services under Title I, and required that private school students receive services on an equitable basis under the then new Title IV, (originally Titles II and III of ESEA).

Title I - - Local education agencies were specifically required to "make provision for including special education services and arrangements (such as dual enrollment, educational radio and television, and mobile educational services and equipment) in which such children can participate" to the extent consistent with the number of eligible pupils enrolled in private elementary and secondary schools (Sec. 141A(a)).

The Commissioner of Education was also authorized to provide educational services directly to private school students if (1) "a local education agency is prohibited by law from providing . . . special programs for educationally deprived children enrolled in private elementary and secondary schools . . .", or (2) "if the Commissioner determines that a local educational agency has substantially failed to provide for the participation on an equitable basis of educationally deprived children enrolled in private elementary and secondary schools. (Sec. 141A(b)(1)(2)). This is known as the "Title I bypass."

Title IV (Libraries, Learning Resources, Educational Innovation and Support) - - The legislation required that students in nonprofit private schools after "consultation with the appropriate private school officials" receive an equitable share of "secular, neutral and nonideological services, materials, and equipment including the repair, minor remodeling, or construction of public school facilities as may be necessary for their provision" (Sec. 406(a)).

Provisions were also included to allow the Federal Government to provide services directly if State law prohibits participation by private school students, or if the Commissioner of Education determines that private school students are not receiving an equitable share of the services (Sec. 406(2)(d)(e)).

Title VII (Bilingual Education) -- Grant applications submitted by LEAs were required to include provisions for the equitable distribution of services to nonprofit private school students whose educational needs are consistent with the services to be provided (Sec. 721(b)(2)(c)(ii)).

Education for All Handicapped Children Act of 1975, P.L. 94-142

The Act requires States to ensure "a goal of providing full educational opportunity to all handicapped children" by providing "a free appropriate public education for all handicapped children between the ages of three and eighteen" (Sec. 612(2)(A)). In addition, States must submit to the Federal Government a plan that shall "provide satisfactory assurance, that to the extent consistent with the number and location of handicapped children in the State who are enrolled in private elementary and secondary schools, provision will be made for participation of such children in programs assisted or carried out under this part" (Sec. 613(A))2).

Vocational Education Act of 1976

The 1976 Act included provisions explicitly designed to increase participation of private nonprofit school students in Federal vocational education activities. Federal intent regarding private school student participation as conveyed in the 1968 Act had largely been ignored. Wasdyke, Elford, and Hartle (1980, 20-21) summarize the provisions of the 1976 Act which are relevant to private school students:

Subpart 1 -- General Provisions:

- The national and State advisory councils for vocational education were required to include individuals who represented and were familiar with nonprofit private schools (Sec. 105(a)(9)).
- When formulating their five-year plans for vocational education, all States were required to consult the State agency responsible for planning postsecondary education in programs offered by public, private nonprofit, and proprietary institutions, including those offering occupational programs at a less-than-baccalaureate level (Sec. 107(a)(1)(I).
- Permitted Federal funds to be used to pay up to 100 percent of the cost of programs that encourage students in nonprofit private schools to attend cooperative vocational programs (Sec. 122(f)), enable them to participate in exemplary and innovative education projects (Sec 132(b)), and assisted

disadvantaged students in nonprofit, private schools by setting up special programs for them (Sec. 140(b)(2)).

Subpart 2 -- Basic Grant:

- Basic Grant funds could be used for the provision of vocational training by private, profit-making vocational schools where such schools made a significant contribution to reaching the goals of the State plan (Sec. 120(a)(1)(n)).
- Basic grant funds could be used to establish cooperative vocational programs provided that nonprofit private school students' needs had been taken into account (Sec. 122(f)).

Subpart 3 -- Program Improvement and Support Services:

- Under this subpart, funds could be used by State research coordinating units to enter into contracts for exemplary and innovative programs, especially to minimize sex-role stereotyping and sex bias in vocational education, provided that such contracts took into account the needs of students in nonprofit private schools (Sec. 132(b)).

Subpart 4 -- Special Programs for the Disadvantaged:

- Funds set aside for disadvantaged students could be granted to LEAs only if provision had been made for area nonprofit, private school students to participate (Sec. 140(b)(2)).

The 1978 Education Amendments

The legislation tightened and further clarified provisions relating to participation by private school students in all Federal programs authorized by the Elementary and Secondary Education Act and subsequent amendments. Provisions requiring private school student participation and establishing complaint procedures were included in most Federal education programs after the amendments were enacted.

Title I: Compensatory Education

- Private school students were to receive Federal aid if there was a State program similar to Title I that provided services for public school students.
- Local education agencies were required to have formal procedures to hear complaints related to participation by private school students.
- Local education agencies were required to provide equal Title I expenditures for public and private school students.
- Procedures to implement a bypass were simplified by dropping hearings of record, reducing the time States and localities had to respond, and

allowing the Commissioner of Education to renew a bypass without a new hearing.

Title II: Basic Skills

- Private school students were required to receive services if an SEA or LEA participated in the program.

Title III: Special Projects

- Federal funds were denied to school districts unless there was comparable participation by private school students.

Title IV: Educational Improvement, Resources and Support

- States were required to provide schools that wished to participate with information and technical assistance.
- Procedures for the Federal Government providing services directly to private schools were simplified as in Title I.

Title V: State Leadership

- States were required to (1) establish procedures to resolve complaints submitted by private schools and (2) provide information and technical assistance to private schools desiring to participate in Titles I and IV -- both State administered programs.

Title VII: Bilingual Education

- "Bypass" procedures were established to enable the Federal Government to provide services if State law prohibited assistance to private schools.

Title IX: Gifted and Talented

- SEAs were required to ensure that eligible private school students received Federally funded services consistent with their numbers and locations in the State.

The Education Consolidation and Improvement Act of 1981 (ECIA)

The objective of this legislation is to provide Federal support to State and local education agencies "but to do so in a manner which will eliminate burdensome, unnecessary, and unproductive paperwork and free the schools of unnecessary Federal supervision, direction, and control" (Sec. 552). Several provisions relate to the participation of private school students.

Chapter 1 -- Although several requirements of Title I were modified, provisions relating to private school student participation (including equitable provision of services and direct provision of services under certain conditions) remained unchanged (Sec. 557).

Chapter 2 -- This chapter consolidated 28 of the smaller categorical programs into a block grant for educational improvement. Included were many of the programs that

contained provisions for participation by private school students -- ESEA Titles II, III, IV, V, and IX. This legislation did not include ESEA Title VII, Bilingual Education, which remains a separate program. The provisions pertaining to private school student participation are very similar to those in other Federal education programs. SEAs and LEAs must ensure that private school students receive equitable services. SEAs must provide services and materials to private school students even if the LEA in which the private school is located does not apply for Chapter 2 funds.

Chapter 2 also contains "bypass" provisions authorizing the Federal Government to provide services for private school students if State law prohibits aid to private schools or if the Secretary determines that either an SEA or LEA has failed or is unwilling to provide equitable services (Sec 586).

Federal Aid and the Courts

The courts have recently entered into controversies over the administration and use of Federal program funds such as Chapter 1 for private school students. One New York case involved an unsuccessful attempt to enjoin use of Federal Title I funds because remedial services were provided to eligible pupils on the premises of private schools during school hours. The U.S. District Court took note of the three-part test established by the U.S. Supreme Court in deciding legal challenges based on the First Amendment and declared that ESEA Title I clearly served a secular legislative purpose which benefited educationally deprived children, not the private schools they attend.[8] Generally, cases involving public aid for private school students have concerned State aid programs for transportation, textbooks and tuition assistance. Case law concerning Federal aid programs is limited.

Administration of Provisions for Private School Children

Primary responsibility for the implementation of the provisions of law in Federal programs relating to private school student participation rests with Federal program officials in the Department of Education (before it, the Office of Education). In the early 1970s a special assistant to the Commissioner was appointed and charged with providing liaison between the Commissioner, private schools, and their representative organizations.

The 1978 Education Amendments established an Office of Nonpublic Education to be headed by a Deputy Commissioner for Education. The Education Department

[8] National Coalition for Public Education and Religious Liberty v. Harris, 489 F. Supp. 1248 (S.D.N.Y. 1980). See Wheeler v. Barrera, 417 U.S. 402(1974)(suggesting ways that Title I services could be provided without constitutional conflict), Meek v. Pittinger, 421 U.S. 349 (1975) and Wolman v. Walter, 444 U.S. 801(1979), 62 L. Ed. 2d 18 (1979).

Organization Act which established the Department of Education in 1980, authorized the Secretary to decide the future of the Office. The first Secretary then created the position of Assistant Secretary for Non-Public Education, later changed to the Assistant Secretary for Private Education. The position was eliminated in 1981, and a new position of Executive Assistant for Private Education was established in the Office of the Secretary.

Despite the numerous organizational changes, the mandate of the position has remained the same. One of the major responsibilities is to review existing programs, regulations, and procedures to ensure that services to elementary and secondary private school students comply with the provisions of the law. The position has no program responsibilities and therefore does not directly enforce any law affecting private school students. Rather, it must work with the various program offices in the Department of Education that carry out mandates affecting private school students. In addition, the Executive Assistant is the locus for communicating with institutions that represent private schools, performs program oversight activities, and addresses specific complaints from private schools or their organizations. The Executive Assistant has also sought to improve available data on private schools and has worked closely with the National Center for Education Statistics (NCES) towards achieving this end.

Private School Student Participation in Federal Programs

As in the area of State support of private education, there is relatively little information about the operation and effects of Federal aid for students in private schools. This is due largely to methodological problems related to defining the universe of private schools, obtaining a representative sample, and securing access to all types of private schools. Nonetheless, several studies provide some information on the issue. For a more complete discussion of barriers to gathering these data, see McElligatt (1980).

Title I

A study of Title I District Practices reports that during the 1979-80 school year, about 25 percent of the Title I LEAs provided services for students in private schools -- a slight decline over a four year period[9] (Jung, 1982).

The Department of Education reports that during the 1979-80 school year private

[9] Data were collected through a mail survey of Title I Directors in more than 2,000 randomly selected school districts, structured interviews and document reviews in 100 representative districts (including 94 public and 44 private school principals, 90 public and 39 private school Title I teachers, and 93 public and 44 private school regular teachers). To obtain more in-depth information on the participation of private school students in Title I, 20 specially selected Title I districts were visited for 3 days by experienced 2-person teams.

schools served 192,994 students in Title I programs. Private school students serviced in this program represented about 3.8 percent of total private enrollments. Although the total number of private school students receiving Title I services has increased over the last four years, public school student participation increased more rapidly.

Patterns of private school participation in Title I are consistent with private school enrollment patterns generally - - there is significant variation across regions of the country, and according to urban/rural locations. Within-district comparisons of Title I services between public and private schools revealed for private school students receiving Title I services: (1) classes were shorter, (2) classes were smaller, (3) the instructor-pupil ratio was lower, (4) instructors had the same number of years experience as those teaching public school Title I students, and (5) Title I might be better coordinated with the regular classes.

The Jung (1982) report states:

> From a national perspective, the overall participation level of nonpublic school students over the last four years has at best been at a steady state, although several indicators point to a relative marginal decline in nonpublic students' access to Title I services. For example, when reviewing changes in Title I nonpublic and public enrollment patterns between 1976 and 1980, the nonpublic participation rate in Title I increased by less than 6 percent, while the public participation rate in Title I increased by almost 18 percent during this time. Also the proportion of Title I districts serving private students residing in Title I attendance areas declined from 59 percent in 1978 to 56 percent in 1981 (pp. 36-37).

If there is a decline in the participation rate, it may well reflect a basic change in the composition of the private school universe. That is, with the schools that have been most active in Title I, the Catholic schools, enrolling a decreasing percentage of all private school students, and with the schools that have participated least in Federal programs, the Christian-Fundamentalist schools, enrolling an increasing percentage, a net decrease in participation might have been anticipated.

Title IV

A study of ESEA Title IV released in 1980, included an examination of private school participation[10] (McLaughlin and McDonnell, 1980). The findings showed that although the majority of private schools received services under Title IV-B, only between one-quarter and one-third of Title IV-C innovative projects provided services to students in private schools. The study also found that few of the sample private school principals

[10] Data for this study were obtained through a survey of program officials and State Advisory Council members in 50 states, Title IV staff in about 600 LEAs, and about 400 private school administrators as well as fieldwork in eight States and three LEAs in each state.

and superintendents were consulted by public school officials in the planning and design of IV-C programs.

The study identified a number of reasons for nonparticipation of private schools in Title IV-C. These include: failure by SEAs to monitor LEA assurances that private schools were being equitably treated and failure to provide technical assistance to private schools, the competitive nature of IV-C, and the unwillingness of private schools to actively pursue their fair share of funds. In addition, private school officials were found to be generally uninformed about Title IV-C projects.

Vocational Education

Private school students generally do not have vocational education programs. According to a survey undertaken by NCES during the 1977-78 school year, less than three percent of the private schools offered their own vocational education programs. A substantial variation in vocational education programs exists according to religious affiliation. For the nation, about 65 percent of the private schools that offered vocational education services were religiously affiliated[11] (Wasdyke, Elford, and Hartle, 1980).

Other Program Studies

Studies conducted for the School Finance Project on the operation and effects of Federal programs also provide a few insights about private school participation. Moore et al (1983) found that tensions about the inclusion of private school students appeared more likely at the local than at the State level, largely because it is at that point that decisions about resource allocation and service delivery are made. This point is supported by Knapp et al (1983), who found that although Federal (and State) rules provided guidelines and criteria for program operation, it was the local interpretation of guidelines that determined the extent of private school involvement in most Federal and State programs.

Conclusion

Recent studies have only begun to examine the surface on issues of private school student participation in Federal programs. A great deal remains to be learned about the structural arrangements that facilitate and impede equitable distribution of program benefits among public and private school students.

[11]Survey results are based on private schools responding in the seven States with the largest number of private schools (California, New York, Pennsyvlania, Illinois, Ohio, Wiscon, and New Jersey). Of the estimated 17,950 private schools operating in these States during the 1976-77 school year, 82.2 percent responded.

Chapter 3

FEDERAL AID FOR PRIVATE SCHOOL FAMILIES: NEW INITIATIVES

The preceding chapter presented a starting point for a discussion about alternatives for future Federal policy regarding private education. Both the Federal Government and some States presently provide some type of financial support for children in private schools, but the current state of knowledge about the operation and effects of these programs is quite limited. Most proposals regarding additional Federal assistance involve the use of new types of programs and an increase in the level of financial resources above that already provided. This chapter identifies and discusses the major proposals that have been given consideration in recent years and presents some of the major arguments on both sides of the question.

New Proposals

Recent proposals have been made to provide assistance for private school students and families. Vouchers (which give parents a role in deciding where education funds will be spent) and tuition tax credits (which assist families directly, rather than schools) are the two major mechanisms that have been advanced as policy instruments. While vouchers are new to elementary and secondary education, direct financial transfers from the government to individuals have been used extensively in other areas of domestic policy, e.g., Pell grants in higher education.[1] Most voucher-type arrangements, however, are generally found in service areas in which a market mechanism is already in place, and in which private providers represent a relatively large sector of the market. This is currently not the situation in elementary and secondary education. In addition, since State and local governments provide over 90 percent of the revenues for public elementary and secondary education, full vouchers are more often seen as an appropriate financial instrument at the State level, rather than for the Federal Government.

Proponents of tax credits and vouchers believe these new types of programs would increase parental choice of education, give greater influence over education to consumers, make schools more accountable to families, decrease the financial burden on private school parents, and provide greater competition between public and private schools. In addition, tuition tax credits are seen by their proponents as a measure to provide tax equity for parents who pay local public school taxes and private school tuition. Education vouchers would provide public funds directly to parents in the form of

[1] Hastings (1982) provides an extensive discussion of different strategies of government financial assistance, including the advantages and disadvantages of alternative approaches.

tuition certificates redeemable at both public and private schools. Tuition tax credits would reduce a family's Federal or State income tax liability by a portion of the cost of education at a private school.

Vouchers - The voucher approach to education finance is basically intended to create a competitive market for schooling. The voucher idea was first given serious consideration during the late 1960s, and many of the early arguments for vouchers are associated with the work of the economist Milton Friedman (1955, 1962). Friedman's "pure voucher" scheme called for a government grant for each child in elementary and secondary school equal to the average of public school costs. The government's role under this system would be limited to issuing vouchers to parents and establishing a minimum level of schooling that a school would have to provide in order to participate. Friedman's "unregulated model" would permit schools to charge whatever tuition the demand for schooling would support.

Friedman's model has been modified in various ways. Other voucher plans incorporate such considerations as family financial need and limitation of tuition charges in excess of the voucher. However, differences in full voucher plans generally fall under three broad areas: finance, regulation, and the provision of information to consumers. Levin (1979) identifies some of the main differences on these dimensions.

- o Financial provisions vary according to the size of the educational voucher, whether the voucher is indexed to a family's income, whether a school can charge more tuition than the voucher provides or accept gifts, whether transportation costs are covered, and whether compensatory measures are incorporated.
- o Regulatory provisions vary according to the eligibility requirements for schools to redeem vouchers and the extent to which States would set curriculum, personnel, and admission standards for the schools.
- o Information provisions vary according to disclosures required of schools, evaluation mechanisms to determine how well schools carry out their stated mission, and requirements for disseminating information about a wide range of schools to all parents (Levin, 1979).

An attempt to classify the basic characteristics of different potential voucher plans was undertaken by the Center for the Study of Public Policy (1970). The Center's classification identifies the following seven voucher "models:"

1. Unregulated Market Model. The value of the voucher is the same for each child. Schools are permitted to charge whatever additional tuition the traffic will bear.

2. Unregulated Compensatory Model. The value of the voucher is higher for poor children. Schools are permitted to charge whatever additional tuition they wish.

3. Compulsory Private Scholarship Model. Schools may charge as much tuition as they like, provided they give scholarships to those children unable to pay full tuition. Eligibility and size of scholarships are determined by a government agency which establishes a formula for how much families with various incomes can be charged.

4. Effort Voucher. This model establishes several possible levels of per pupil expenditures and allows a school to choose its own level. Parents who choose high-expenditure schools are then charged more tuition than parents who choose low-expenditure schools. The tuition is also related to income. In theory, the "effort" demanded of a low income family attending a high-expenditure school is the same as the "effort" demanded of a high income family in the same school.

5. Egalitarian Model. The value of the voucher is the same for each child. No school is permitted to charge any additional tuition.

6. Achievement Model. The value of the voucher is based on the progress made by the child during the year.

7. Regulated Compensatory Model. Schools may not charge tuition beyond the value of the voucher. They may "earn" extra funds by accepting children from poor families or educationally disadvantaged children. (A variant of this model permits privately managed voucher schools to charge affluent families according to their ability to pay.)(Center for the Study of Public Policy, 1970)

Proponents of vouchers generally argue that government assistance for all types of education under a voucher system would encourage greater efficiency, diversity, and choice of schooling. Parents would be provided with resources distributed to them directly from tax revenues, so they could make education decisions that most benefit their children. Proponents believe that inclusion of private schools in a voucher system would encourage the public schools to become more responsive to client concerns and improve educational services. Since schools would compete for students and receive income only to the extent that they succeeded in the competition for students, public -- as well as private -- schools would have to become responsive to consumer preferences and needs.

Opponents of vouchers center their concerns around issues of separation of church and State, financial costs, and economic and racial segregation (McGuire, 1981). They contend that vouchers would undermine support for public schools, make the public schools a "dumping ground," for the poor, and increase racial and class segregation in

society. They argue further that vouchers would create excessive government entanglement with religion and thus could not pass judicial scrunity.

The experience to date with vouchers in the United States has been quite limited. Some New England States, however, organized as they are into many sparsely populated, small jurisdictions, have operated de facto voucher programs for many years. Although not found in all such communities, a substantial number of school districts have decided to provide school-age children with entitlements to schooling rather than attempt to operate their own public schools. While some districts in these circumstances enter into contractual arrangements with neighboring schools to provide elementary or secondary education, other districts provide parents with the option of free schooling in a nearby town or a voucher that can be applied toward the cost of education at any public or non-sectarian private school, in-State or out.

During the early 1970s efforts to stimulate voucher experiments were made by the Office of Educational Opportunity (OEO) and the National Institute of Education (NIE), but these did not materialize.[2] More recently, efforts have been made to place an initiative on the ballot in California -- the "Initiative for Family Choice in Education" -- to permit a voucher system in that State, but the initiative did not obtain sufficient signitures. The only experiment that did take place was the Alum Rock demonstration which turned out not to be a full voucher system since it did not include private schools.

The Alum Rock voucher demonstration began operation in 1972-1973 and lasted for five years. The purpose of the project at the outset was to test a "transition model" of education vouchers. The community that participated in the project, the Alum Rock school district in San Jose, California, served a relatively poor, predominantly minority population of about 14,500 students in 24 elementary schools. At the height of its operation, the demonstration included 51 minischools, with diverse program offerings. Although private school participation had been planned for the demonstration, it was precluded at the outset by State law and never materialized even after State enabling legislation was passed. Parental choice of educational programs was therefore limited to those offered by the minischools in the participating public schools.

Policies governing the exercise of parental choice in the Alum Rock demonstration

[2]In New Hampshire voters in potential voucher sites rejected participation in the voucher project and in East Hartford, Connecticut the Board of Education voted not to apply for Federal funds to implement a project (Donaldson, 1977). The situation in East Hartford had parallels in planning efforts for voucher demonstrations in: Gary, Indiana; New Rochelle, New York; Rochester, New York; San Fransicso, California; and Seattle, Washington.

changed over time, but in general the system was characterized by the following policies: parents could choose minischools for their children, and requests were granted automatically in most cases; counsellors were available to advise parents and information on alternative programs was published annually; free transportation was provided to children who attended non-neighborhood schools; children were guaranteed a place in the school or program in which they had been the year before, and were not forced to join the lottery that was used to assign admissions to oversubscribed programs; and kindergarten children and first graders were guaranteed admission to schools in which they had older siblings (Bridge, et al., 1978).

The evaluations of the Alum Rock experiment focused on a number of areas that seem particularly important in thinking about the consequences of a broader voucher system that would involve both public and private schools. Concerning parental satisfaction with the choice of programs available, the evaluations found that parents were generally quite pleased to have alternative programs available to their children both within their neighborhood school and between schools. At the height of the demonstration many parents had taken advantage of this greater degree of choice. Over 20 percent of the participating students had enrolled in non-neighborhood schools. However, a battery of achievement tests administered over the course of the demonstration did not reveal any significant differences in performance between schools that extended a greater degree of choice to parents than those that did not provide greater choice in programs.

The studies also found that parents varied widely in their awareness of schooling options and in the accuracy of their information about the rules governing choice, but that the differences tended to be reduced as parents gained more experience with the program. In addition, more educated parents tended to have more sources of information and to rely more heavily on printed information from the school than those with less education (Bridge, et al., 1978). This latter finding suggests that for a voucher system to provide effective options to less educated and socioeconomically disadvantaged families, the schools would have to tailor their communications to fit this particular subpopulation, e.g., using school counselors rather than printed bulletins.

The Alum Rock study also found that parents tended to choose programs that reinforce certain values, when given the opportunity to do so. Children from low socioeconomic status families were most likely to be enrolled in structured programs that taught the 3Rs, and more advantaged children in less structured classrooms stressing social relationships, the development of independence, and creativity. These choice patterns did result in some nonrandom clustering of children according to social

background, but the mix of children in programs was no more or less than in traditional, nonchoice schools that allow teachers to cluster children into ability tracks (Bridge, et al., 1978).

Tuition Tax Credits - In recent years, tuition tax credit proposals have surfaced at both the State and Federal levels as a means to expand school choice for parents and to provide tax equity for private school parents. At the Federal level, several tuition tax credit plans have been introduced in Congress over the last 15 years. These proposals have differed on several dimensions, among them the maximum amount of the credit, the portion of private school costs covered by the credit, and refundability provisions for families whose incomes are so low that they would not benefit from a credit. Most plans have offered civil rights guarantees through school eligibility requirements but differed in the way these requirements would be enforced. Some proposals applied to elementary through post-secondary schooling; others did not include post-secondary education.

Congressional action on tuition tax credit proposals has not yet resulted in passage of legislation. Between 1967 and 1977, six tax credit proposals passed the Senate, only to be defeated by Conference committees, at the insistence of the House. In each case, the tax credit bill was limited to higher education. In 1978, a Senate bill providing tax credits for up to 50 percent of postsecondary education expenses, with a maximum credit of $500 and no refundability, passed the Senate 65-27. A companion House measure providing tax credits for up to 25 percent of educational expenses, with a maximum credit of $100 at the elementary and secondary levels, and a maximum credit of up to $300 at the postsecondary level, with no refundability, passed in a House vote of 237-158. However, the Senate would only approve a higher education bill, turning down elementary and secondary school credits by a vote of 41-56.

In 1982, a tuition tax credit plan to provide credits to families paying tuition at private elementary and secondary schools was introduced on behalf of the Administration. A modified bill passed by the Senate Finance Committee in established a tax credit for up to 50 percent of tuition, phased in with a maximum level of $100 in the first year and $300 in the third year. Families with incomes below $40,000 were eligible for the full credit, and benefits were proportionately reduced to zero at $50,000. The Committee also agreed on a refundability provision. The bill was not passed, but new legislation was sent to the Congress by the President in February, 1983, that was similar to last year's bill, except that it did not provide refundability, and the income cap was set at $60,000. As with the Administration's 1982 bill, detailed measures were included to prevent claims for tuition paid at racially discriminatory schools. That bill was approved again by the Senate Committee, with a $50,000 cap and refundability.

Advocates of tuition tax credits, like those who support vouchers, argue that a system of tax credits would have advantages for the educational system as a whole. Tax credits would expand educational choice by reducing financial barriers to private education and promote equity by ending the "double burden" of public school taxes and private school tuition. Like vouchers, tuition tax credits are seen as a means of improving educational quality, promoting diversity, and increasing efficiency by encouraging competition among public and private schools. Moreover, such credits would assist parents through the tax system and thus would not require the establishment of a complicated administrative apparatus.

Opponents of tuition tax credit policy for elementary and secondary education argue that such a policy would undermine public education and violate the constitutional principle of separation of church and state. They argue that tax credits would flow disproportionately to higher-income groups and that, without a refundability provision, low-income families would derive little benefit because they pay little or no income taxes. It is further argued that the tax credit could result in increased racial and social class stratification, produce an uneven distribution of benefits across the country, and, without regulation of tuition costs, private schools could raise tuition costs and hence reap the benefits of aid intended for families.

As with vouchers, there has been relatively limited experience with tax credits to date. Minnesota, however, has provided tax deductions for educational expenses for several years. Under the Minnesota law, parents of both public and private school students are provided with a deduction against their State income tax of up to $500 for students in grades K-6 and $700 for students in grades 7-12. Expenditures that qualify for the deduction include tuition, instructional materials, and transportation. The State has provided tax relief of this sort since 1955 when a $200 deduction was offered. Starting in 1971, a tax credit of $100 was permitted, but the credit was only in effect for three years before it was declared unconstitutional by the courts. During this period no noticeable shift emerged in public-private enrollments trends. Since 1974, the current deduction has, in effect, permitted tax savings of up to $85-$100 per pupil for families with taxable incomes of over $20,000. The State estimates that over half the students benefiting from this provision of the Minnesota tax code are attending public schools.

Other Financial Aid Proposals

While tax credits and vouchers have been given the most serious consideration in policy debates, other mechanisms have also been proposed as a vehicle for expanding educational choice for parents. These include a program of compensatory aid to poor families, similar to the Pell Grants (formerly the Basic Educational Opportunity Grants

(BEOG) used in higher education, the conversion of Chapter 1, the Federal compensatory education program, into a mini-voucher for poor children, and the optional Chapter 1 voucher recently proposed by the Administration.

Compensatory Education Grants

One of the major purposes of Federal programs in elementary and secondary education has been the expansion of educational opportunities for children with special educational needs. Chapter 1 of ECIA, for example, currently provides about $3 billion a year to school districts to provide supplementary educational services for educationally disadvantaged children from low-income families. An alternative approach to serving poor children calls for Federal scholarships or grants to low-income families to help them defray the costs of a private education. The program is modeled on the Pell Grants in higher education and has often been called a "Baby-BEOG." Under the proposal introduced in Congress by Senator Moynihan in 1980, families sending their children to schools qualifying as non-profit corporations under Section 501(c)(3) of the IRS code would be eligible to receive financial assistance. Grant allowances to families would be based on two major factors -- family financial need and the cost of private schooling -- but families with less income would generally receive larger grant allowances.

Proponents of this type of plan say that Federal scholarships based on need would increase the economic power of poor families in choosing public and private schools and would provide help to those who most need additional options in education -- families of poor children who are not well served by the public schools. The Baby-BEOG plan would allow a child's family to exercise leverage on the public schools by giving the parents the financial resources to send the child to a private school.

Voucherizing Chapter 1

Another proposal aimed at providing expanded choice of education to low-income families calls for the conversion of the Federal compensatory education program, Chapter 1, into a "mini-voucher." A simple approach would be to divide the Chapter 1 funds by the number of children currently participating. This would result in a mini-voucher of about $525 per pupil. For some poor families the compensatory voucher would pay for all private school costs. Other families would keep their children in public schools and use their vouchers for special enrichment programs in the public system or other specially designed programs for low- achieving students.

This type of measure is intended to offer poor families with children in public schools a measure of influence over their children's education. The Advisory Panel on Financing Elementary and Secondary Education recently recommended a similar measure in its final report to Congress in December, 1982, as a transition toward a more

comprehensive plan that would offer support to all families with children in private schools (Advisory Panel, 1982). A minority on the Panel, however, questioned the efficacy of the mini-voucher in broadening educational opportunities for the poor (Advisory Panel, 1982).

Chapter 1 Optional Voucher

In March 1983, President Reagan sent a plan to Congress which included an optional compensatory education voucher. Under the plan, States and local school districts could give low-income parents vouchers to spend on their childrens' education at public schools outside their home districts or at private schools. The legislative proposal has the following elements:

- Chapter 1 of the Education Consolidation and Improvement Act (ECIA), the compensatory education program, would continue to be allocated to States and school districts as under current law. School districts that get Chapter 1 funds would have the option of using part or all of those funds to provide vouchers to the parents of educationally-disadvantaged children. States, however, could require all school districts to establish voucher programs.

- The amount of the voucher would depend on how much the State or school district was authorized to spend on compensatory education programs and the number of students in those programs.

- Parents could use the vouchers to enroll their children in private schools, in public schools outside their home districts or in compensatory education programs in the home district.

- Districts opting for vouchers would have to continue providing compensatory education services for voucher recipients who remain in the districts' schools and for any Chapter 1 students who do not receive vouchers.

- Districts would have to file applications with their State education agencies that describe how they will run their voucher program for up to three years. The applications would have to provide assurances that the districts will keep records and provide information to the States as required for fiscal audits and program evaulations.

- Voucher payments would not be considered Federal financial assistance to schools for the purposes of civil rights enforcement.

- Vouchers could not be used at private schools that discriminate on the basis of race, color, or national origin.

This optional voucher proposal is designed to increase parental choice in the education of disadvantaged children, expand the range of public and private school options that parents of disadvantaged children can choose for their children, and increase these parents' control over their children's education by allowing them to choose the school which best provides the education they desire.

The Debate about Proposals to Assist Private School Children

Several arguments have been developed to support an expansion of Federal aid to private school families and children. Some of these were referred to in the discussion of specific proposals such as vouchers and tax credits. However, a more general examination of the rationales for and against Federal aid is needed before the potential consequences of new aid proposals can be examined, as many of these consequences are directly linked to the arguments on both sides of the question. Many of the arguments presented here are now part of the popular debate and have lost their identification with particular individuals. However, some citations are presented and a list of references is included at the end of the report.

Four general justifications of public assistance for families of private school students, each reflecting a different value or goal, usually frame the debate on the issue: (1) service equity, (2) financial equity, (3) choice and diversity, (4) competition and efficiency. The first concern, service equity, relates primarily to the treatment of private school children under existing Federal education programs (see Chapter 2). The other three rationales are based upon the differences between the two sectors and are intended to maintain and promote those differences. The arguments related to each are presented below.

Service Equity - Most Federal programs in elementary and secondary education currently contain provisions aimed at ensuring that children in private schools receive an equitable share of services under the program. While private schools tend to have lower proportions of children requiring special educational services, adherents to the principle of service equity argue that private school children should be assured that they receive the services to which they are entitled under all types of education programs. Both the individual good and the collective good are seen as benefitting from this assurance of service equity (Encaration, 1982; Finn, 1982).

Financial Equity - Parents of children in private schools pay tuition for private schools in addition to the taxes they pay to support public school services. Proponents of aid in the form of tax credits and vouchers argue that these parents should be relieved partially, if not totally, of this double financial burden. A corollary to this argument is that the burden on the public sector is reduced when parents choose to send their children to private schools. Furthermore, since it typically costs less to educate a child in private schools, reimbursing parents for private school costs could still save the taxpayers' money or make more money available per pupil in public schools than would be the case if they had to finance the education of these children in public schools (Finn, 1982; Toma, 1980; West, 1981).

Critics of aid point out that every individual does not benefit directly from every public expenditure. In this respect, according to opponents, parents of children in private schools are no different from adults without children or those without children of school-age. Everyone is taxed to pay for public schools because those schools benefit the entire society, not just those families with children currently in such schools. Critics argue that the decision to incur the added cost of private education and forgo the benefits of available public education is a decision of the individual that does not warrant compensation through tax credits or the expenditure of public funds. As to the savings of public dollars that would result from paying for the education of children in private rather than public schools, it is argued that in light of the relatively small number of students presently exercising the private school option, little public savings accrue from educating these children in private schools. Private school children could also be absorbed easily into the public schools at a lower proportional increase in expenditures, particularly at a time of declining enrollments (Frey, 1979; Sullivan, 1980).

Choice and Diversity in Education - Proponents of choice argue that public schools are a monopoly producing a standardized education not responsive to individual needs and preferences. They argue that education should remain a publicly-financed endeavor but should be designed to allow private provision and control. They argue further that a monopoly is objectionable for an industry with such a profound impact on the nation, and that choice - - having increased in other aspects of the lives of citizens - - should be an integral part of education as well (Coons and Sugarman, 1978; McGraw, 1978; Toma, 1980).

Equity in choice has been another argument advanced for public assistance to parents of private school children. The wealthy currently enjoy a wide variety of choices in the public and private sector, while the poor have few or no alternatives to the public school. The argument is made that existing taxation policies even inhibit lower-income parents from placing children in private schools (Vitullo-Martin, 1979). This lack of viable alternatives is inequitable. Since it is in the public interest to help all children receive the best education possible, giving poor children access to private schools where average achievement is higher might lead to overall achievement gains (Finn, 1982; Sowell, 1982). (See Coleman (1981) for discussion of achievement differences in public and private schools.)

The choice rationale for public support of private school children is rejected by those who feel that private schools, particularly those which espouse particular points of view or values, are inconsistent with the public interest in having students from different

backgrounds come together to learn common values and receive the same education. Private schools are seen as fragmenting the populace rather than uniting it (Levin, 1982; Muller, 1982). Opponents of aid also argue that the choice rationale ignores the sorting out process that exists within private schools and that effective choice is diminished by private school selection processes as well as dismissal of problem students. Individuals holding this point of view also speculate that private schools may have relatively few empty seats available for new students or may not be interested in educating children from diverse backgrounds (Murnane, 1982). Finally, aid opponents question whether parents have sufficient information and ability to evaluate private schools to determine which would best meet their children's needs (Abramowitz and Stackhouse 1980). They argue that public support could lead to even greater differentiation between public and private school students, and that only the affluent would be able to take advantage of aid to private schools and would be the ones to leave the public sector (Catterall, 1982; Frey, 1979; Muller, 1982).

Some supporters of private schools oppose aid to parents because they feel such assistance could lead to greater government regulations. Selective admissions policies and narrow, well-defined goals probably enable many private schools to be quite successful at what they attempt to do. If such regulation occurred, it might lead to less selective admissions policies, a more heterogeneous student population, and broader goals with the result that private schools would look more like each other and more like public schools. At the same time the achievement advantage of the private schools might decline, since at least part of their edge may be due to the higher average socioeconomic backgrounds of private school pupils.

Another dimension of the choice rationale deals with the desirability of maintaining diversity. A decade ago when private schools (especially Catholic schools) were experiencing difficulties, aid to parents was seen as a way to keep these schools open. The public purposes to be served by such aid were to maintain diverse approaches to educational services and to prevent a severe fiscal strain on public schools should many Catholic schools close. This has become a less important argument as the private sector has stabilized. Aid now is justified more on the basis of individual choice and financial stress rather than in institutional terms.

Competition and Improvement in the Quality of Education - Public assistance to private school parents has also been justified in terms of fostering competition as a means of bringing about overall improvement in the quality of education. Declines in test scores, literacy, employment skills and discipline are interpreted as failures on the part of the public schools, despite increases in educational expenditures. These failures,

it is argued, would not have been accepted by the public had there been viable alternatives at affordable prices. At present, children may attend public schools not because they are getting a good education, but because of an absence of viable, affordable alternatives. Where alternatives exist, public schools would have to provide the type of education the public wants at a reasonable price or they would lose children to more responsive schools. Faced with the threat of large numbers of students leaving the schools if public aid to parents were available, public schools would theoretically have to improve (Sowell, 1982; Toma, 1980; West, 1981).

This argument is consistent with the desire of some people to reduce expenditures in the public sector by encouraging reliance on the private sector and voluntarism, and it reflects general scepticism about public institutions and officials. Since public schools are the largest item in State and local budgets, concern with fiscal constraint is conducive to reducing public school expenditures. It is argued that turning education over to the private sector would promote efficiency and quality while curtailing the growth of excessive regulation and bureaucracy.

On the other hand, some question whether greater competition in education would improve the public school system. They argue that such aid would reduce the number of parents who push for improvements in education and that the proportion of people with ties to the public schools would become smaller and smaller. Furthermore, the school constituency would consist of the least powerful segments of society, particularly if the affluent families predominated among those who would switch to private schools (Muller, 1982). In addition, educational services may not respond well to the market principle, given the inexact nature of the product. This market principle may be particularly inapplicable for people from lower socioeconomic groups, who may be the least able to evaluate the advantages of the available options (Breneman, 1982; Abramowitz and Stackhouse, 1980).

Opponents argue further that it is questionable whether private schools educate students more efficiently than public schools. Comparisons between public and private school expenditures and outcomes are difficult because of differences in student populations, services, and costs (Sullivan, 1982). It is argued that public aid to private school families would not necessarily reduce the bureaucratization and regulation of education; rather it would extend them to private schools. Total public expenditures on elementary and secondary schools might increase rather than decline.

Conclusion

There are four goals which advocates argue would result from greater public support for private school families: service equity for students with special needs,

financial equity for parents of private school students, greater choice of schooling and more equal access to those choices, and increased efficiency in the delivery of educational services. The two major policy instruments advocated at the present time to achieve these goals are tax credits and vouchers. The aims of both approaches are similar, but there are differences between them in terms of their likely impact.

Tuition tax credits will initially help families who have already selected private schools for their children. Since a credit offsets only a portion of educational costs and occurs only after the expenditure has been made, certain types of families may be less able to participate in such a system. Financial leverage under a voucher plan, however, may be considerably broader, while administratively more cumbersome. Vouchers provide assistance directly to parents, in most plans for total tuition costs, and are provided at the time parents select and "pay" for the child's education. Vouchers would appear to encourage more competition and choice than tax credits, both because public and private schools would be included in a single financing plan and because the financial incentive would be larger.

Tuition tax credits and voucher plans are designed to promote a common goal, providing public support for parental choice. However, the two concepts do represent distinct policy instruments. It is important to note that specific provisions of a tax credit or a voucher plan determine its operation and distribution of benefits. The actual impact of either type of plan depends on what kind of system is installed, what objectives it is designed to serve, and what unforeseen consequences appear in the long run.

Chapter 4

PARENTAL CHOICE OF SCHOOLING

While there has been much discussion of tuition tax credits in recent years, there is little practical experience by which to judge the impact of such a policy. The School Finance Project attempted to provide some insight into this question through a household survey of parental choice of schooling and tuition tax credits. The household survey was designed in early 1982, and the telephone interviews were conducted in June and July, 1982. A national sample of approximately 1,200 households of parents of school-age children was derived using random digit dialing.[1] A technical report will be available containing greater detail on both the methodology and results of the survey. This chapter summarizes the most important results from the survey on factors associated with parental choice of schooling, parental knowledge of tuition tax credits, and parental preferences to respond to such a credit.

Before the findings of the study are presented, it is important to note the following points about the tuition tax credit portion of the survey. First, parents' responses to the tuition tax credit survey items represent expressions of preferences, and do not necessarily represent what they would do if a tax credit were instituted at some time in the future. Their preferences may change as may the circumstances related to the particular child. Furthermore, attitudes are often a poor predictor of behavior, because the latter is the result of the complex interaction between multiple attitudes and the context in which the behavior takes place. The survey should therefore be viewed as an indication of the extent of interest in a tuition tax credit, rather than as an empirical estimate of switching behavior under a tax credit.

Second, parents were asked how likely they would be to consider changing their child's school placement if there were a Federal credit at three different levels: $250,

[1] The survey sample was generated by the Waksberg method of random digit dialing and included families with children in grades K-11 in the 1981-82 school year. (High school seniors were excluded because the questions about responses to a tuition tax credit were future oriented.) In each household, one parent (or guardian) was interviewed and he or she was asked questions about the current and future choices of schools for up to two children in grades K-11. The unit of analysis was individual children, and the child-level responses were weighted for the number of school-age children in the household and the number of telephone lines in order to approximate a national random sample of children. The weighted number of children was approximately 2,000, of which 12 percent were currently enrolled in private schools. Further details on the sampling method, the weighting of responses, response rates, the representativeness of the sample, and the interview schedule will be provided in the technical report, but a brief discussion of these issues is found in Appendix B.

$500, and all tuition costs. These levels were chosen to reflect previous proposals about tax credits as well as the 1982 Administration proposal. The current Administration proposal provides for children in grades 1-12 a tax credit of $300, when fully phased in, a 50 percent limit on the tuition costs covered by the credit, and an income ceiling of $40,000 for the full credit, with proportional reductions in the credits for families with incomes between $40,000 and $60,000. The survey instrument did not include questions about percentage limits on tuition costs or on income ceilings because it was felt that this type of questioning was too complicated for easy comprehension in a short telephone survey.

Finally, questions on tuition tax credits asked respondents whether they would be "very likely," "somewhat likely," "somewhat unlikely," or "very unlikely" to make a change in their child's school based on a tax credit. Most of the discussion of preferences presented here is for parents of children in public schools who say they would be "very likely" or "somewhat likely" to transfer their child to a private school if a tuition tax credit were available. In addition, there are also parents with children in private schools who say they might transfer their child to another private school in response to a tax credit.

Parental Choice of Schools

Parents' decisions to place their children in private schools are motivated by a range of factors. This section examines the factors that are associated with the choice of public schools and different types of private schools. It presents results of the household survey and compares these results with the findings from other studies of choice. The major dimensions of choice that are examined are the type of school chosen and the extent of consideration given to that choice.

The major findings from the School Finance Project survey regarding school choice are:

- The amount of thought given to the choice of a school varies greatly among American families, with more thought devoted to school selection in more affluent and better educated households.
- For many children, enrollment in a public school is not the result of a conscious choice on the part of the parents, but a result of parental acceptance of the child's assignment to a particular school.
- Different types of schools are chosen for different reasons. When parents select public schools, the choice is based most on academic considerations, although cost and logistical factors are also important. Private schools are selected because of dissatisfaction with the public schools or because the

parents are seeking things that cannot be found in public schools.

- Different factors motivate the selection of Catholic, other religious, and independent schools, which suggests that each has a distinct constituency that overlaps little with the other two.
- Cost is a major factor preventing some public school parents from enrolling their children in private schools. A majority of private school parents perceive those costs as imposing a "heavy" or "moderate" financial burden on them but a small percent of families have considered transferring their children to public schools because of private school costs.

Extent of Choice

All school-age children are entitled to attend public schools, and most are assigned to a particular public school. For the vast majority of households, that assignment determines the school a child will attend and there is no consideration of other schools, either public or private. For other households, the choice process is more complex. More alternatives are considered, and the child may be enrolled in another public school or in a private school. Furthermore, some households think about schools before the point of decision about schooling by taking the public schools into account when they choose a place of residence. Thus the amount of thought given to a child's educational placement varies considerably.

For the majority of public school children in the survey, serious consideration was given to the school the child would attend. However, to the extent that alternatives were considered, the decision tended to get made at the point of selecting a place of residence. Just over half of the public school households said the public schools their children would attend influenced their choice of a place to live, and for 18 percent it was the most important factor in their choice. Public school parents were more likely to indicate that the public schools were a factor in their choice of a place to live than private school parents. Others more likely to consider the public schools in their choice of residence included higher income and better educated parents, and households in the suburbs. Blacks were less likely to consider schools in their choice of residence than other groups, as were residents of the Northeast (Table 4-1).

Public school parents who considered other schools for their children at the time of enrollment in the current school represented about 20 percent of the survey sample. There were not sharp distinctions in their characteristics. The proportions were slightly higher for blacks and Hispanics than whites, for households in the Northeast, and among parents who attended private schools themselves in grades 1-12 and lower for those in small cities, towns, and rural areas (Table 4-2). However, there was little relationship

Table 4-1

Consideration of Schooling Alternatives by Public School Parents

Respondent	Percent Considering: Other Schools (1)	Public Schools in Residential Choice (2)	Both 1 and 2	Neither 1 nor 2	
All Respondents	19.7%	52.7%	11.1%	38.7%	(N=1749)
Race					
White	18.0	56.2	11.3	37.0	(N=1315)
Black	25.9	33.1	8.2	48.7	(N=262)
Hispanic	22.5	54.1	15.8	39.4	(N=130)
Other	15.4	63.4	10.1	31.7	(N=35)
Religion					
Protestant	17.8	53.3	9.9	38.5	(N=1008)
Catholic	21.6	53.2	13.5	39.3	(N=446)
Other	17.6	48.8	8.1	41.4	(N=174)
None	36.5	52.8	21.0	31.0	(N=100)
Parents' Education					
Non-High School Grad.	14.5	47.6	5.0	42.6	(N=320)
High School Graduate	19.4	47.8	10.6	43.3	(N=798)
Some College	25.4	57.6	15.1	31.9	(N=325)
College Graduate	23.8	69.1	18.6	25.7	(N=172)
Post-Graduate	12.0	65.0	8.7	32.0	(N=121)
Family Income					
Less than $7,500	19.9	42.0	8.0	45.5	(N=176)
$7,500-$14,999	19.2	32.4	4.3	53.1	(N=300)
$15,000-$24,999	23.4	54.4	16.3	38.3	(N=447)
$25,000-$49,999	19.2	62.2	12.8	31.2	(N=614)
$50,000 and Over	15.6	71.3	10.8	24.0	(N=115)
Region					
Northeast	25.9	40.3	11.1	45.4	(N=203)
North Central	20.2	57.7	12.8	35.0	(N=507)
South	17.0	52.0	9.7	40.3	(N=731)
West	21.0	55.7	12.0	35.2	(N=297)
Place of Residence					
Large City	25.4	48.1	13.6	39.6	(N=359)
Suburb	28.4	70.9	17.3	17.9	(N=268)
Medium City	22.1	58.7	13.9	33.5	(N=525)
Small City or Town	14.1	48.1	7.5	45.3	(N=239)
Rural	9.6	42.0	4.6	52.8	
Parents' Schooling					
Public School Only	17.6	51.3	9.7	40.7	(N=1356)
Public and Private	29.9	53.9	15.9	32.5	(N=211)
Private School Only	32.1	73.2	25.2	20.0	(N=105)

Table 4-2

Factors Associated with Current School Choice
of Public and Private School Parents

Factors Associated with School Choice	Public School Parents		Private School Parents
	Did Not Consider Other Schools	Considered Other Schools	
Most Important Factor in Choosing Current School	(N=1387)	(N =307)	(N =234)
Finances	7.1%	19.5%	0%
Assignment to a School	34.2	0	0
Transportation/Convenience	26.3	15.0	3.6
Values/Religion	0.1	2.0	29.8
Academic Standards & Courses	13.2	32.6	41.9
Discipline	0.8	4.7	12.2
Teachers	2.8	14.3	7.1
Very Important Factor in Choosing Current School		(N =324)	(N= 236)
Academic Standards	- [1]	83.4%	84.0%
Discipline	-	85.6	87.1
Staff	-	88.4	87.7
Courses	-	68.7	62.4
Civil-Moral Values	-	65.7	75.1
Finances	-	54.0	16.7
Religious Instruction	-	29.5	61.5
Mix of Student Backgrounds	-	37.3	22.3
Desegregation	-	21.9	12.9
Convenience	-	43.7	25.0
Child's Desire	-	42.5	33.7

[1] These questions were not asked of public school parents who said they had not considered other schools at the time of enrolling the child in the current school.

between parent incomes or education levels and consideration of alternative schools. Similarly, there were no significant differences among public school parents with different religious backgrounds, except that those with no religious preference were more likely to have considered more than one school than parents with a religious affiliation.

When the two types of choice behavior -- in residential decisions and selection of current school -- were used to compute a more complex measure of the extent of choice by public school parents, better educated households were generally again more likely to make choices about schools in both choosing a place to live and when enrolling their child in the present school. Those not considering schools at either decision point were drawn disproportionately from the less educated and lower income groups (Table 4-1). Public school parents who attended only private schools also tended to consider schools at both points in the decision process more than those who attended only public schools or both public and private schools.

Reasons for School Choice

Parents considered a variety of factors in choosing their children's current schools. Public school parents who had not considered other schools mentioned transportation, convenience, and the assignment of the student to the school as reasons for selecting that school (Table 4-2). Public school parents who had considered other options and private school parents tended to cite many similar reasons for choice such as discipline, quality of staff, academic standards and courses, and civil-moral values. The major difference between these two groups was that the public school parents were far more likely to cite cost and convenience as decision factors while private school parents often cited religious instruction. Among private school parents, different factors influenced the choice of different types of private school. Academic considerations were almost the only choice factors mentioned by parents of children in independent schools, while values and religious instruction were cited in addition to academic factors by parents of children in both Catholic and other religious schools (Table 4-3). The latter type of school, however, appears to be chosen primarily because of its religious orientation.

In summary, cost appears to be one of the major factors in deterring public school parents who have seriously thought about schooling options from placing their children in a private school, and the constitutency for the three types of private schools appears to be distinct. However, among public school parents who considered alternative schools, the most frequently mentioned factors governing their choice were the academic standards and courses offered. Parents choose different private schools for quite

Table 4-3

Factors Associated with Current Parental Choice of Different Types of Private Schools

Most Important Factor in Choosing Current School	Type of Private School		
	Catholic (N=129)	Other Religiously-Affiliated (N =67)	Independent (N= 36)
Values-Religion	29.9%	42.9%	6.9%
Academic Standards & Courses	45.4	22.0	63.1
Discipline	11.8	14.2	7.8
Teachers	5.4	9.0	12.4

Table 4-4

Reasons for Transferring a Child from One Type of School to Another

Reason for Transfer[1]	Transfer from Public to Private (N=114)	Transfer from Private to Public (N= 307)
Cost	0%	23.5%
Move	0	21.2
Child Old Enough for Public School	NA	16.9
Child Too Old for Private School	NA	9.1
Convenience/Transportation	2.6	7.2
Academic Standards	26.3	9.1
Curriculum	6.1	3.6
Teachers	12.3	3.9
Discipline	24.6	0
Religious Instruction	24.6	0

NA = Not Applicable

1 Most frequently mentioned reasons for each type of transfer. Parents may have mentioned more than one reason.

different reasons; in each case, a placement is made based on a mix of factors that is unique to each of the different types of schools.

Parental Satisfaction with Current School Choice

Parents are generally satisfied with the school their child is currently attending. Only eight percent are somewhat dissatisfied and five percent are very dissatisfied. However, those who are dissatisfied tend to be parents of public school students (14.3 percent as opposed to 3.4 percent for private school parents).

Parents who are dissatisfied with their child's school tend to cite three main areas of dissatisfaction -- academics, discipline, and quality of instruction. The last factor is mentioned most frequently; approximately half the dissatisfied parents cited instructional quality and teachers as a reason for dissatisfaction. There are no differences among the types of schools in the frequency with which these reasons for dissatisfaction are mentioned.

Factors Associated with School Transfer:

Some children have received part of their education in private and public schools. These children represented about a fourth of the survey sample. The reasons parents cited for switching from public to private school were generally quite different from those reasons given for the switch from private to public. Parents who transferred a child from a public to a private school generally mentioned academic standards and discipline and the desire for religious instruction for their children. The reverse type of transfer was based more on cost factors, a move to a new location, and logistical considerations, e.g., private options were not available at the child's grade level (Table 4-4).

Some public school parents have considered switching their children from public to private schools but decided against doing so. Approximately one-fourth of the public school parents whose child had never attended a private school fell into this category. The reasons given for not transferring a child reflect the previous patterns. These included cost and logistical considerations such as transportation, and an inability to enroll their child in a private school. However, academic factors represented the next most important reasons given for not switching schools. For parents citing academic considerations, public schools may have been perceived as providing an acceptable or better education or as providing certain programs or services that may not have been available in the private schools (Table 4-5).

Respondents were asked if they planned to enroll their children in a different school in the next school year. Approximately one out of every six children would be in a new school in September. There was no significant difference in the frequency of such

Table 4-5

Public School Parents Deciding
Not to Transfer Child to Private School

Reasons Mentioned for not Transferring to Private School	Percent of Public School Parents Who Had Seriously Considered Transferring Child to Private School
Cost	57.1%
Transportation	13.1
Academic Factors	11.6
Acceptance at Private School	7.0
Child's Preference	6.5
Belief in Public Schools	3.2
Religious Considerations	2.8

planned moves between public and private school children, but private school children were far more likely to shift into the public sector than vice versa. Nearly all the public school children switching schools would be in another public school next year, while half of the private school transfers would be to a public school rather than to another private school. Respondents were not asked the reason for the changes, but it seems likely that many of them reflect normal points of transition, such as the child being in the highest grade of his/her current school. Such changes were reported most frequently by parents with children in kindergarten, and grades 5, 6, 8 and 9.

Private School Costs

Private school tuition costs represent different levels of financial burden to private school families. Slightly over one-third of the survey sample said that these costs represented a moderate burden, while one-fifth fell into other categories - - no burden, light burden, and heavy burden (Table 4-6). Of the three-fifths responding that the costs were a moderate or heavy burden, less than 20 percent said they had ever considered transferring their child to a public school because of the high cost. The financial burden of private school costs was generally perceived to be greater by respondents in households with family incomes under $25,000 than in higher income families. The perceived financial burdens were not greatest for those with the highest costs (above $2,000), largely because those households paying the most tended to have higher incomes. Instead, the financial burdens were felt to be most severe for those with moderately high levels of cost (between $1,000 and $1,999). Such parents were most likely to say that they had considered transferring their child to a public school because of the high cost of private education.

Knowledge about Private Schools

Public school parents vary considerably in their knowledge of and contact with private schools. Parents of public school students were asked whether there were private schools serving their child's grade in their community or nearby. Approximately one-fourth of these parents said there were no such schools. Parents living in rural areas were more likely to say such schools did not exist than were those in the suburbs. Higher income and better educated parents were more likely to say private schools existed.

Similar patterns appeared when public school parents were questioned about their knowledge of tuition costs in private schools.[2] In general, parents who indicated

[2] Respondents were classified as "knowledgeable" if they indicated that they knew the

Table 4-6

Financial Burden of Private School Costs

	Financial Burden of Private School Costs				Considered Transfer to Public Schools Because of Cost[1]
	Heavy	Moderate	Light	None	
All Private School Respondents (n=237)	21.4%	37.6%	19.8%	21.1%	18.0%
Family Income					
Under $25,000 (n=71)	29.5%	36.8%	21.1%	12.6%	13.8%
$25,000-$49,999 (n=118)	21.7	44.3	11.5	22.6	20.3
$50,000 and Over (n=37)	0.9	21.6	49.9	27.6	0
Total Private School Costs					
Under $500 (n=49)	12.2%	34.0	26.4	27.4	19.8%
$500-$999 (n=51)	23.3%	27.7	20.8	28.2	15.5
$1000-$1999 (n=80)	25.4%	47.0	10.7	16.9	23.8
$2000 or Over (n=52)	24.6%	38.3	25.9	11.2	6.1

[1]These respondents included only those who indicated that private school costs represented a moderate or heavy financial burden.

knowledge of private school costs tended to live in urban areas, to have high incomes, and to have attended private schools themselves. They also tended to be parents who said that private schools were available and that they had given some serious thought to the choice of school for their child.

Other Literature on School Choice

The findings about school choice from the survey are generally consistent with the evidence currently available in the limited literature on the subject. Several studies dealing with school choices within the public schools found a large minority of parents giving little thought to the school their child would attend and simply opting for the public school closest to their home (Cogan, 1979; Nault and Uchitelle, 1982; Johnson, 1975; and Bridge et al, 1978). Moreover, such parents tended to be less well-educated and less well-informed about the schools than those who give more attention to the question of school choice (Nault and Uchitelle, 1975; Cogan, 1979; and Bridge et al, 1978). The School Finance Project household survey found the same patterns.

Several researchers have examined the factors associated with school choice and the transfer from one type of school to another. Sonnefield (1973) suggests four types of criteria that families may use in evaluating schools: location, academics, the school environment, and financial considerations. All these factors were cited by parents in the household survey, but location (convenience and school assignment) was cited most often, but this was after many respondents had made a decision about residence, in part based on school considerations. Kyle and Allen (1982) similarly conclude in a review of the literature on choice that "distance...is the most significant single variable affecting choice," (p.47), as does Bridge (1978) with regard to the Alum Rock experiment.[3] Cogan (1979) also found that location was the most important factor for parents making "passive choices" about schools.

The transfer of a child to a different school from the current placement is affected by a variety of factors, but parental dissatisfaction with the public schools is one of the most important reasons for transfer from public to private schools (Edwards and Richardson, 1981; Grat[illegible], 1979). Furthermore, the reasons for switching from public to private schools are generally different from those associated with the reverse switch. Frechtling and Frankel's (1982) survey of parents in Montgomery County, Maryland, found that the major reasons given for switches into public schools from private schools were convenience and cost. In contrast, religion and educational program were cited as the

[3]The Alum Rock experiment is discussed in Chapter 3 of the report.

major reasons for the switch to private schools, while discipline, child-related factors, and school staff were identified as secondary reasons for transfers from public to private schools. Again, these findings are consistent with the preference results of the national survey.

As to the timing of school transfer, both the national survey and other studies indicated that switches to private schools are most likely to occur at normal transition points in school attendance. The Montgomery County study (Edwards and Richardson, 1981) found changes in school placement were most likely for children entering grades 1, 7, and 9, particularly grade 1. The national survey observed switching in kindergarten and grades 5, 6, 8 and 9.

Conclusion

Parents tend to choose private schools because they are dissatisfied with or cannot find what they want in the public schools. Different factors are associated with the choice of different types of private school. Parents tend to choose church-related schools first because of their values, and second because of their academic orientation, while independent schools are selected first because of academic factors and second for the values they hold.

Tuition Tax Credits

Survey respondents differed in their knowledge of and preferences concerning tuition tax credits. This section of the chapter presents survey findings on each of these topics. It first discusses how knowledgeable respondents were about a tuition tax credit prior to the survey. It then discusses the characteristics of respondents who indicated the greatest likelihood of changing schools in response to such a credit and the types of private schools to which the child would be transferred. The chapter concludes with a discussion of the constraints that might limit the ability of respondents to translate their preferences into behavior.

Knowledge of Tax Credits

For a tuition tax credit to influence parental decisions about schooling, parents must first know that a credit is available. Respondents in the survey were asked whether they had heard of a tax credit before they were asked about their potential response to a credit.

Approximately 55 percent of the survey sample had heard of a tuition tax credit before, but private school parents were far more likely to be aware of the credit than public school parents. This pattern held consistently across all racial, religious, educational, and income groups and also across region and place of residence (Table 4-7). Among public school parents, whites, those living in the suburbs, and those with

Table 4-7

Knowledge of Tuition Tax Credits among
Public and Private School Parents

	Percent of Respondents Who Have Heard of Tuition Tax Credits	
	Public School	Private School
Total Sample	50.5% (N = 1749)	84.7% (N = 235)
Race		
White	56.9% (N = 1309)	85.8% (N = 194)
Black	36.5 (N = 266)	78.0 (N = 30)
Hispanic	18.5 (N = 130)	*
Other	36.6 (N = 36)	*
Religion		
Protestant	51.4% (N = 1010)	84.9% (N = 90)
Catholic	50.2 (N = 446)	84.2 (N = 111)
Other	42.3 (N = 178)	*
None	58.3 (N = 96)	*
Parent's Education		
Non-High-School Graduate	22.0% (N = 326)	*
High School Graduate	43.3 (N = 794)	78.4 (N = 56)
Some College	66.3 (N = 325)	87.7 (N = 69)
College Graduate	82.4 (N = 171)	89.0 (N = 45)
Post Graduate Work	83.8 (N = 118)	96.7 (N = 46)
Family Income		
Under $7,500	27.6% (N = 172)	*
$7,500 - 14,999	33.9 (N = 301)	*
$15,000 - 24,999	48.7 (N = 446)	71.4 (N=49)
$25,000 - 49,999	64.6 (N = 615)	92.2 (N = 116)
$50,000 and over	68.9 (N = 112)	85.2 (N = 37)
Region		
Northeast	54.6% (N = 205)	
North Central	51.9 (N = 504)	86.7 (N = 75)
South	50.4 (N = 733)	91.3 (N = 92)
West	46.1 (N = 294)	74.4 (N = 39)
Place of Residence		
Large City	33.6% (N = 360)	81.7% (N =68)
Suburb	70.6 (N = 267)	91.7 (N = 42)
Medium City	48.5 (N = 357)	81.4 (N = 62)
Small City or Town	53.9 (N = 522)	85.4 (N = 51)
Rural	50.2 (N = 236)	*

*Less than 30 cases.

higher incomes and more education were more likely to have heard of tuition tax credits. Similar patterns appeared for private school parents, but the differences among groups were generally much smaller.

Awareness of tuition tax credits was also higher among public school parents who had greater contact with private schools or who had given some thought to the choice of their child's current school. Nearly three-fifths of those who said private schools were available in their community had heard of tuition tax credits, compared with two-fifths of those who said they were not available. Similarly, about three-fifths of the respondents who had considered alternative school options had heard of tax credits, while slightly less than half of those who had not considered other schools were aware of credits.

Propensity to Switch Schools under a Tax Credit

Respondents in the survey were questioned about the possible impact of tuition tax credits on the choice of schooling for their children. Parents were asked whether they would be "very likely," "somewhat likely," "somewhat unlikely," or "very unlikely" to switch their children's school placement. The following patterns emerged regarding parental response to a tax credit of $250:

- Public school parents more frequently said they would switch schools under a tuition tax credit of $250 than private school parents, i.e., a higher proportion of public school parents responded "very likely" or "somewhat likely" to switch at a $250 credit than private school parents.
- Parents who said they were "very likely" to transfer their children in response to a tuition tax credit tended to be black or Hispanic, to be less educated, to have lower incomes, and to live in cities. Additional groups with high propensities to switch were those with "other" religious affiliations and residents of the West. These patterns held for both public and private school parents, but were more pronounced among public school parents.
- Parents replying they were "very likely" to switch at $250 tended to be those who had not heard of a tax credit before, and tended to be dissatisfied with their current schools. They also tended to have greater prior knowledge of and contact with private schools and to have given more thought to the current choice of school.
- Parents of public school children who said they were "very likely" or "somewhat likely" to switch their children at different credit levels - - $250, $500, all tuition expenses - - generally had the same characteristics. However, differences among demographic and socioeconomic groups tended to diminish as

credit levels increased. (Higher status households were more "likely" to say they would switch schools with higher tax credits.)

Public school parents without prior knowledge of a tuition tax credit were more inclined to say they would switch to a private school under a $250 credit than those who had heard of a tax credit before (Table 4-8). This suggests that, for at least a portion of the sample of public school respondents, the inclination to switch schools as a result of a tax credit may be based on meager information. Analysis of responses of a more informed subsample of public school parents, i.e., those who had heard of a tuition tax credit, produced a decline in the proportion of "very likely" switchers among all categories of parents. However, the pattern for the "informed" group resembled that found for the sample as a whole; blacks and Hispanics said they were more "likely" to switch than whites, as were people with less education and lower incomes and residents of large cities. In addition, Catholics became the religious group with the greatest "likelihood" of switching schools. The Northeast and West had higher proportions of switchers than other regions.

Responses to higher levels of a tuition tax credit -- $500 and all tuition costs -- generally displayed similar patterns to those at $250. Groups with the highest propensity to switch at $250 were also those saying they would be "likely" to switch at higher credit levels. However, blacks, Hispanics, less educated, and lower income parents make up a smaller proportion of those who said they would switch at any credit level compared to those who would do so at $250. On the other hand, for whites and higher status groups more of the switches occur at higher levels of a credit (Table 4-9). This may indicate that it takes a larger financial incentive to prompt higher status families to change their school placement or that, among parents interested in private schooling, those who can afford the cost of tuition have already enrolled their children in private schools.

Factors Associated with Preferences for Switching

Satisfaction with Current School

Public school parents who were satisfied with their current school choice indicated that they were less likely to switch their child from public to private schools with a tax credit than dissatisfied parents. Less than six percent of those very satisfied with the present school were "very likely" to switch, compared with 16 percent who were somewhat dissatisfied, and 39 percent who were very dissatisfied. It should be noted, however, that the proportion of dissatisfied parents made up only 13 percent of all public school parents in the sample.

Private School "Proclivity"

Greater experience with private schools among public school parents appears to be associated with an inclination to switch to private schools in response to a tuition tax

Table 4-8

Public School Parents Responding They Were "Very Likely" to Switch Children to Private Schools with a Tax Credit of $250

	Total Public School Sample	Public School Parents Who Have Heard of a Tuition Tax Credit
All Respondents	9.2% (N = 1687)	5.6% (N = 852)
Race		
White	6.3% (N = 1272)	5.1% (N = 722)
Black	18.2 (N = 251)	9.9 (N = 93)
Hispanic	19.8 (N = 125)	*
Other	9.0 (N = 34)	*
Religion		
Protestant	7.7% (N = 980)	3.9% (N = 507)
Catholic	10.6 (N = 422)	8.3 (N = 212)
Other	13.2 (N = 174)	5.5 (N = 73)
None	9.6 (N = 89)	5.9 (N = 51)
Parent's Education		
Non-High-School Graduate	13.1% (N = 308)	5.8% (N = 69)
High School Graduate	8.1 (N = 764)	7.4 (N = 329)
Some College	10.8 (N = 312)	5.9 (N = 207)
College Graduate	6.2 (N = 169)	3.3 (N = 138)
Post Graduate	6.7 (N = 119)	3.1 (N = 96)
Family Income		
Under $7,500	12.9% (N = 161)	9.0% (N = 42)
$7,500 - 14,999	17.9 (N = 288)	13.3 (N = 97)
$15,000 - 24,999	12.9 (N = 419)	9.8 (N = 202)
$25,000 - 49,999	2.9 (N = 614)	2.6 (N = 397)
$50,000 and over	2.8 (N = 109)	1.3 (N = 75)
Region		
Northeast	9.5% (N = 195)	8.5% (N = 106)
North Central	5.8 (N = 487)	3.3 (N = 254)
South	9.9 (N = 710)	5.6 (N = 359)
West	13.0 (N = 284)	8.2 (N = 128)
Place of Residence		
Large City	18.1% (N = 353)	9.3% (N = 113)
Suburb	4.7 (N = 256)	3.8 (N = 183)
Medium City	12.2 (N = 337)	5.9 (N = 166)
Small City or Town	6.9 (N = 504)	7.3 (N = 272)
Rural	1.3 (N = 232)	0.9 (N = 118)

* Less than 30 cases.

Table 4-9

Inclinations to Switch Schools by Public School Parents under Tuition Tax Credits of Different Levels

	Proportion of Public School Parents Responding "Very Likely" or "Somewhat Likely" to Switch Schools at Different Credit Levels			
	$250	$500*	All Tuition*	Never Switch
All Public School Respondents	23.6%	32.1%	44.9%	55.1% (N=1680)
Race				
White	18.8%	26.8%	39.3%	60.7% (N=1273)
Black	37.9	47.2	61.0	39.0 (N=252)
Hispanic	44.1	53.0	65.2	34.8 (N=124)
Other	14.9	29.8	47.8	52.2 (N=34)
Parents' Education				
Non-High-School Graduate	31.8%	39.3%	52.3%	47.7% (N=307)
High School Graduate	23.0	32.9	46.1	53.9 (N=768)
Some College	24.5	31.6	46.3	53.7 (N=311)
College Graduate	17.0	24.2	34.5	65.5 (N=167)
Post Graduate	11.3	19.6	27.9	72.1 (N=120)
Family Income				
Under $7,500	32.0%	43.9%	54.4%	45.6% (N=164)
$7,500-$14,999	32.8	39.0	51.0	49.0 (N=291)
$15,000-$24,999	29.0	37.8	51.7	48.3 (N=421)
$25,000-$49,999	16.8	25.8	39.8	60.2 (N=617)
$50,000 and Over	10.8	21.5	33.3	66.7 (N=106)

*The second and third columns reflect cumulative percentages -- the percentage of potential switchers at $250 plus the additional potential switchers at $500 plus the additional potential switchers if all tuition costs were covered by the credit.

credit. On an index of private school "proclivity" which measures a family's experience with and previous interest in private schools, the proportion of "very likely" responses rose steadily with increased private school proclivity. Only three percent of the respondents with the lowest proclivity said they were "very likely" to switch, compared to 36 percent of those with the highest proclivity.

The differences among public school parents with varying levels of knowledge about private school costs were less extreme, but parents who were best able to estimate private school costs were "very likely" to switch under a $250 tax credit nearly twice as often as those who could not estimate costs in any type of private school. In addition, public school parents who had given some thought to school alternatives in choosing their current school were much more likely to indicate they would switch from public to private schools with a tuition tax credit than those who had not.

Cost Considerations

Public school parents who had mentioned financial factors as an element in their choice of current schools were far more likely to say they would be inclined to switch under a tax credit than those for whom cost was not a factor. This was true for the subsample of public school parents who had heard of a tuition tax credit as well as for the entire sample. However, financial considerations were either weakly related or not related to the propensity to respond to a tuition tax credit for private school parents.

Preference of School under a Tax Credit

Public school parents indicated they would switch their child to all types of schools under a tuition tax credit of $250 (Table 4-10). Among parents who were "very likely" or "somewhat likely" to take advantage of these credits, different reasons or combination of reasons were given for the choice of each type of private school. Religious reasons were cited as important in the selection of a non-Catholic parochial school, much less important in selecting a Catholic school, and unrelated to the choice of an independent school. Discipline was most often mentioned in the choice of Catholic schools and least mentioned for independent schools. Academic standards, policies, and courses were the reasons most frequently given for selecting a new school at all levels of tuition tax credits, and the quality of the instructional staff was generally the second most important factor. Religion and discipline tended to be mentioned less at credit levels above $250.

Non-Switching

Nearly three-fifths of all parents in the survey indicated they would be "unlikely" to change their child's school placement if offered a tuition tax credit at any level. Of these, about half of the respondents indicated that satisfaction with the current school or availability of programs or facilities in the current school they could not obtain

Table 4-10

Choice of Private Schools
under Different Tuition Tax Credit Levels

Type of Current School	Tuition Tax Credit		
	$250	$500[1]	All Tuition[1]
Public Schools			
Percent Responding "Very Likely" or "Somewhat Likely" to Switch	23.5%	8.5%	12.7%
New School under Tax Credit	(N=396)	(N=144)	(N=215)
Catholic	34.1%	27.1%	29.3%
Other Religious	26.1	28.5	22.8
Independent	29.5	41.7	38.1
Don't Know	10.3	2.8	9.8
Private Schools			
Percent Responding "Very Likely" or "Somewhat Likely" to Switch	18.8%	3.5%	5.6%
New School under Tax Credit	(N=49)	*	*
Same School Type	81.6%		
Different School Type	6.1		
Don't Know	12.3		

* Less than 30 cases.

[1]These represent additional children who might switch at the $500 (all tuition) level of a credit, but who would remain in their current schools under a $250 ($250 and $500) tuition tax credit.

elsewhere was the reason for their reply.

Public and private school parents differed in the reasons given for not switching. Private school parents were more likely to cite satisfaction with their children's current placement. In particular, parents with children in church-related schools mentioned the availability of religious instruction. Public school parents were more apt to mention logistical reasons - - transportation or no private school available or no income tax liability - - or the child's preference for the current school. Public school parents also gave ideological reasons for saying they would not change their current school choice - - a strong belief in public education or opposition to a tuition tax credit.

Interpreting the Survey Results about Tuition Tax Credits

Using survey preference responses to predict future behavior is generally problematic, but there are several reasons that behaviorial predictions would be especially questionable with regard to the tuition tax credit portion of the household survey. Preferences about tuition tax credits expressed in the survey most likely overestimate the extent to which children would actually change schools if a tax credit were implemented. In the sections that follow, the general problem of using survey preference data to predict behavior is discussed first, and then the reasons for expecting that the household survey responses overestimate the extent of school transfers are presented.

Preferences and Behavior

Surveys often ask people how they would react to a hypothetical situation at some future time. This is the essence of both market research and polling for political candidates. The issue for the user of such surveys is the likelihood that the respondent will actually behave in the way described in the response to the survey items.

There are at least two dimensions to the problem of accurately predicting behavior. One is the tenuous link between attitudes and actions (Schuman, 1972). How a person will act in a given situation is a function of the contextual factors that exist at that time and place as well as numerous, not necessarily consistent, attitudes. Thus the response to a single hypothetical survey item divorced from the complexity of the actual situation a person faces may not be a particularly good indicator of eventual behavior. Furthermore, a person's response may reflect erroneous or unrealistic perceptions of the actual future context.

A second problem is that some responses may represent "non-attitudes" (Converse, 1966). In surveys such as the one conducted by the School Finance Project, people are often asked questions on issues or situations about which they have never thought or have very little information. Consequently, the responses are often not reliable. In such

hypothetical situations some respondents may say they have no opinion while others will provide a response, but it could be a superficial one and their answers might be very different if the same question were asked a month later.

These general considerations, when applied to the household survey, suggest that many fewer parents would actually switch their children from public schools to private schools than said they would do so in the survey. The reasons for such an expectation can be subsumed under two broad headings related to the demand for and supply of private schools under a tuition tax credit.

Demand for Private Schools

The problem of non-attitudes is particularly pressing in the analysis of the answers about a tuition tax credit, since nearly half the sample (45 percent) had never heard of a tuition tax credit before and, even among the half who had heard, some undoubtedly knew very little about them. Parents who had not heard of a credit said they would be likely to move their child to a different school far more frequently than those who had heard of a credit and this was true for both public and private school parents.

A common pattern in referenda campaigns is that support for an issue falls during the campaign. Such a pattern has been found in campaigns for tax changes, tax and expenditure limitations, and a voucher proposal in Michigan (Williams, 1982). People appear to respond favorably to a proposal early in the campaign, but then as more is learned about the issue and its possible ramifications, initial enthusiasm cools and many initial supporters may eventually oppose it. This pattern was apparent in the District of Columbia in 1981 when a tuition tax credit measure was on the ballot. Early polls showed substantial support for the proposal, but the final outcome was an overwhelming defeat. A similar phenomenon might occur with respect to those who had not heard of a tuition tax credit before. Once they learned more about the workings of a tuition tax credit, their enthusiasm might dim and their responses to a credit might more closely resemble those of people who had previously heard of a tuition tax credit.

The probability of respondents implementing their preferences is apt to be a function of the intensity of their preferences. Those with stronger preferences will be more prone to act on their preference and to persist in the face of difficulties than those with weaker preferences. In the household survey, the intensity or level of interest was assessed by asking parents whether they were "very likely," "somewhat likely," "somewhat unlikely," or "very unlikely" to transfer their child to a different school if a tuition tax credit were available. Just over 23 percent of public school parents said they were "very likely" or "somewhat likely" to move their child, but only 9.2 percent said they would be "very likely" to do so. On the other hand, private school parents with an

interest in taking advantage of a tuition tax credit were relatively more intense in those preferences; more said they were "very likely" to switch (12.8 percent) than "somewhat likely" (5.9 percent).

Another reason that demand for private schools may be overestimated based on the survey relates to the wording of the questions about tuition tax credits. Most tuition tax credit proposals contain not only a dollar limit but also a percentage ceiling on what proportion of the tuition costs is covered. This effectively limits benefits of the credit for those families sending their children to low-tuition schools. With this limitation, fewer families might transfer their children than if the credit had the same dollar limit and no percentage limit. For the sake of simplicity, however, only a dollar maximum was posed in the tuition tax credit questions in the survey. There is no way of determining from the survey the extent to which switching would be reduced using a factor that limited the percentage of tuition costs covered by a credit.

In addition, the responses of public school parents may be based on unrealistic assumptions about private schools, particularly about their costs. Fully one-third of the public school parents could not give even a rough estimate of tuition costs in their community for any of the three types of private schools. This lack of knowledge introduces greater uncertainity about the extent to which preferences would result in the changing of children's school placements. Finally, the question was hypothetical, but real situation would not be. Parents may decide that an acceptable private school is not available or convenient or that it is too costly regardless of any potential tuition tax credit.

Supply of Private School Places

People responded to the questions about tuition tax credits as if the supply of private schools were infinitely elastic, i.e., that tuition costs would not rise at all as the result of the implementation of a credit, and that there would be enough seats in private schools in appropriate locations to accommodate all who would want to shift. Neither is likely. If the supply of private school places proves to be inelastic, some of the demand stimulated by the tax credit would go unsatisfied and there would be less switching of children than anticipated. There might also be an increase in private school tuitions.

Some insight into the supply issue can be gained from the survey. Public school parents were asked early in the interview whether there were private schools serving their child's grade in their community or nearby. If it is assumed that only parents of public school children who said there were private schools available would be able to switch, the proportions of public school parents "very likely" to switch would drop from 9.2 to 6.5 percent and the proportion "very likely" or "somewhat likely" would drop from

23.5 to 15.4 percent.

Several supply factors could make those figures overestimates of the extent of switching that would actually take place, particularly in the short run. Supply considerations that are not fully reflected include: (1) possible price responses on the part of private schools (which could be limited where there are ceilings on tuition covered by the credit) and (2) the availability of a place in an appropriate private school for the child in question. While a private school may exist in the area, it could already be operating at capacity or the child might not qualify for admission.

Private schools may not be able to absorb large numbers of new students in the short run. In the first year, private schools might be able to accommodate a modest increase in enrollments through small-scale expansion in existing schools, e.g., by filling seats that are currently empty, enlarging class sizes, converting other space to classrooms to accomodate new demand. However, further expansion would probably come slowly, as the result of building programs, acquisition of additional facilities at old schools, or establishment of new schools. That would require substantial capital investment, which might be difficult to finance.

Furthermore, private schools may not be interested in expanding sufficiently to accommodate all the potential increase in demand. Some schools may prize their relatively small size, seeing the resulting intimacy among parents, students, and staff as one of the advantages they possess. In addition, by creating a waiting list or "pent-up demand," they might be able to raise admission standards, increase tuitions, or both.

The recent history of private school enrollments is one of modest fluctuations. Even in the States with the greatest increases in private school enrollments in the 1970s, annual rates of growth have been less than five percent. A national increase in private school enrollments of that magnitude in a single year would therefore be highly unlikely, given anticipated supply constraints, although such a change would only require a shift of 0.6 percent of public school students into the private sector.

Conclusion

The responses to the household survey indicate widespread interest in a tuition tax credit among both public and private school parents. However, because of the limitations of preference surveys in general and this one in particular, it is not possible to make with confidence behavioral estimates of how many children would actually leave the public schools as the result of a tax credit. Constraints on the expansion of private school places based on supply considerations have been identified above, but there is little empirical evidence about the amount of space currently available in private schools or about the ability or desire of private schools to expand their enrollments. Based on

the survey responses, however, it does not appear that one of the greatest fears of opponents of tax credits - - the exodus of more privileged children from the public schools - - would be realized. Instead, groups now underrepresented in private schools, those from minority and lower income families, exhibit the greatest inclination to respond to a tax credit.

Chapter 5

INTERNATIONAL EXPERIENCE: PUBLIC SUPPORT FOR PRIVATE EDUCATION

Inherent in the arguments on both sides of the question of aid to private school parents is the expectation that new forms of aid -- and increases in the level of funding -- will result in changes from current conditions. To the extent that financial aid allows parents the opportunity to make new choices about schooling, there is likely to be some shift in enrollments from public to private schools and among different types of private schools. The exact magnitude of the shift is unknown both in the short run and in the long run; the shift will depend on the demand for private education, the supply of private school places, and the response of the public schools. Moreover, depending on the characteristics of public school families who choose to exercise a private school option, there may be some change in the composition of both private and public school enrollments.

The discussion of arguments in the previous section also suggests that changes in the mix of students enrolled in different types of schools may well affect other aspects of public and private education. The cost of public education may be reduced as children shift from the public to the private sector, but the constituency for public schools might also undergo some change. It is as yet unclear whether these changes will broaden the constituency for financial support of all types of education or whether they will result in increased competition for scarce resources and reduced support for public expenditures on public schools. Finally, conventional wisdom holds that, "He who pays the piper calls the tune." Increased aid to private schools might be accompanied by increased government regulation, which could make private schools indistinguishable from their public school counterparts. On the other hand, it is unclear whether regulation will inevitably follow aid or whether the two phenomena are unrelated.

In sum, then, there are at least three major areas where increased aid for private education may be expected to produce significant effects in (1) the relative size and composition of public and private school enrollments, (2) the cost and financial support of public education, and (3) regulation of private schools. Unfortunately, little or no experience exists with direct aid for private elementary and secondary education in this country. The limited evidence on the consequences of funding in any of these areas is found primarily in the experience of other countries. At present, this literature consists mostly of reviews of different types of assistance and little assessment of the impact of aid. Where consequences of aid are examined, the studies do not cover the full range of effects, nor do they provide enough comparable information to generalize about the

consequences of aid in any of the three areas identified above. Efforts to do this on a limited scale are undertaken here based on a review of studies of three countries that have been completed recently. These include British Columbia (Canada), Australia, and the Netherlands.

Experience with Aid for Private Education Abroad

The experience with aid for private education in the three nations examined in this report suggests the following points about its possible effects:

Enrollments

- Aid to private education is not likely to produce a large shift in enrollments from public to private schools in the short run, although it may affect individual families' decisions about schooling. This is evident both in Australia and British Columbia. Over the long run, the experience in the Netherlands indicates that the potential for shifting could be much greater, with most of the expansion likely to occur in religiously-affiliated schools.
- Different types of assistance are likely to produce different magnitudes of shifting from public to private schools. The Australian experience indicates that in contrast with tax credits or deductions, direct institutional funding, particularly of capital costs, appears to be associated with larger shifts in enrollments.
- Increased government aid does not appear to result in increased racial and class segregation. In the Netherlands, the absence of increased segregation has been attributed to government regulation of salaries and admissions policies in private schools and the structural relationship between lower and higher levels of education.

Financial Support

- There is little evidence concerning the impact of aid to private schools on public school costs, but some evidence from Australia suggests that private schools are able to compete effectively for public resources and that aid to private schools may diminish financial support of public schools during periods of fiscal stress.
- Aid to private schools does not appear to be associated with significant increases in tuitions and fees, in any of the three countries examined. In Australia aid to institutions appears to have had a partially substitutive and a partially additive effect. It replaced some revenues formerly raised through tuitions and fees and contributed to an increase in salaries for teachers and service levels in private schools.

Regulation

- Public assistance for private education does not necessarily result in increased regulation of private schools. In the Netherlands there is extensive financial support and regulation; in Australia and British Columbia, financial aid has not been accompanied by regulatory constraints.

Direct Institutional Funding of Private Schools

In contrast with the United States, most other developed countries provide some type of public financial assistance to private schools -- generally in the form of direct institutional funding. In some countries such as the Netherlands, these arrangements are of relatively long-standing duration (since 1917), while in others such as Australia and the Canadian provinces of Quebec and British Columbia, financial assistance has been initiated in the relatively recent past. The methods used to provide support -- as well as the extent of financial commitment -- also vary significantly. In British Columbia provincial grants to private schools represent less than one-third of average government school costs. In Australia, combined state and federal funding of private schools' operating cost currently is 60-65 percent of expenditures in government schools (and somewhat higher in low-resource schools). In the Netherlands, the central government provides nearly full funding of educational costs in both public and private schools.

The funding arrangements -- and to some extent, the consequences of funding in British Columbia, the Netherlands, and Australia have been the subject of research and/or widespread interest in recent years. This discussion briefly reviews the funding arrangements and examines the major consequences of aid in these countries.

British Columbia: Per Capita Grants to Private Schools

Public funding of denominational schools in Canada was institutionalized at the time of confederation in 1867. With the grant of constitutional authority over education to the provinces, a variety of provincial funding arrangements were developed, ranging from a fully denominational system in Newfoundland to informal arrangements in the Maritime Provinces and Manitoba. Until 1977, however, British Columbia was the only Canadian province that had not provided any funding for private schools (Lazerson, 1980). In that year the province established a program of aid to private schools that can best be characterized as a per pupil grant linked to public school costs. (For a full description of the history and experience of British Columbia, see Erickson, 1982.)

Under the system now operating in British Columbia, private schools receiving aid are classified into two categories. The first group of schools must assure non-discrimination based on race, religion, and ethnicity; the second must fulfill more rigorous requirements in the areas of curriculum, teacher certification, testing, and evaluation. Grants are provided to both classes of schools based on the average

operating costs per pupil of public schools in the district where the school is located. The first group of schools currently receives aid of 9 percent of public school costs per pupil; the second group receives 30 percent.

Since 1978, an evaluation of the new funding system has examined the consequences of public aid to private schools in a number of areas including school climate, enrollment patterns, and, to a lesser extent, government regulation of the schools. Based on a series of surveys and in-depth interviews with key informants, Erickson and his colleagues have generally found that in the first few years of aid government funding had both positive and negative effects. Where independent schools had been in severe jeopardy due to funding problems, the aid assured financial survival by easing the financial burden of meeting day-to-day expenses. The additional funding was often used to improve or expand courses, increase teacher salaries, and in the case of wealthier schools, to provide more scholarships for students. Fears that government funding would be accompanied by more government regulation and control were generally not realized (Erickson, 1982).

Initial indications of the effects of aid on the social climate of independent schools, however, suggests that the special character that distinguished them prior to the onset of provincial support was beginning to erode. After the first two years of per capita grants the private schools began to look more like the public schools along such dimensions as teacher and parent commitment, social cohesion, and the school's responsiveness to parents. While there was significant narrowing of the gap between public and private schools, the private schools nonetheless continued to maintain many aspects of their distinctive character.

Enrollments - In the first two years neither public nor private school administrators perceived a significant loss of students from public to private schools. These perceptions were generally supported by aggregate data. Public school enrollments continued to decline by modest amounts, and private school enrollments continued their general upturn. However, the data did not indicate -- at least in the short run -- a massive shift from public to private schools with the initiation of the per capita government grants (Erickson, 1982). A much more detailed study would be required to assess the impact of aid on individual families.

Reasons offered by key private school informants for lack of enrollment increase over the short run included: (1) many schools preferred not to become dependent on public funding; thus, very few schools used public funds, even indirectly, to expand their facilities, and (2) efforts to keep the school a small community of well-acquainted individuals who share similar values made the schools less willing to expand the number

of places available and increase school size. In fact, many schools made efforts to strengthen the homogeneity of their parent and student populations during the first year of public funding.

There was some indication, however, that the aid program might have a lagged effect and that enrollments might increase in the long run. Some enrollment growth did occur in the third year of aid, and most of it seemed to be associated with the opening of new schools, rather than the expansion of existing private schools. In addition, an econometric model used by Easton (1982) to project enrollment shifts over the long run suggested that over several years - - perhaps a decade - - a $500 subsidy to private schools would increase private school enrollments by about 70 percent. Assuming a continued decline in public school enrollments of one-half to one percent per year over the next decade, the private school share of total enrollment would rise from 4.9 percent to between 8 and 9 percent of the total. Thus Erickson (1982) concludes that unless the province's legal framework is altered considerably, it would be a long time before private school enrollment growth posed a serious threat to the predominance or welfare of the public school system in British Columbia.

Australia: Equalization Grants and Categorical Aid

Australia is one of the few federal countries in which extensive aid to private education is provided by the national government. It is also a country that shares a number of common concerns of educational policy with the United States, as well as similar constitutional language governing the provision of aid to denominational schools. For a variety of reasons, Australia may well be the foreign country whose experience in financing private schools is most relevant for American policy. (For a more extensive discussion of education finance in Australia, see Sherman, 1982.)

Federal funding of both public and private schools in Australia is a relatively new phenomenon. The first modest initiatives in support of private schools were undertaken in the 1950s in the form of tax deductions on the federal income tax. These were followed during the 1960s with limited categorical funding of capital projects for science facilities and libraries in both school sectors, and small per capita grants to private schools for current operations. Current funding arrangements, however, derive from the work of a government commission established during the early 1970s, and are aimed mainly at maintaining all schools in Australia at acceptable standards and providing equal educational opportunity for all children (Sherman, 1981).

Commonwealth aid is now provided to elementary and secondary schools through these three sets of programs: "Government Schools Programs" which are for use in the government schools exclusively, "Non-Government Schools Programs" which parallel

those in the public sector but are exclusively for use in the non-government schools, and "Joint Programs" in which both government and non-government schools participate. The first two groups of programs include a grant for general operating aid to raise the general resource base of schools, a block grant for capital costs to assist in the replacement and upgrading of school buildings, and three target-group programs designed to provide appropriate services for the handicapped and for children from low socio-economic and limited English-speaking backgrounds. The joint programs are all categorical in nature and support a variety of activities in a range of areas including computer education, professional development, programs in country areas, and multicultural education.

General operating aid represents about 85 percent of aid to non-government schools and is distributed through a formula that resembles the percentage equalizing grants used by many States in the U.S. The amount of aid is based on average costs in government primary and secondary schools; private schools with fewer resources from private sources receive larger grants per pupil than high-resource schools. Grants to schools with the lowest resource base are about 40 percent of average government school costs. With additional per pupil funding from state governments, combined federal and state funding of private schools is about 60-65 percent of average government schools costs.

The Commonwealth still provides indirect aid to non-government schools in the form of a tax credit to families which incur expenses for primary and secondary education. This credit applies to families of children in both government and non-government schools, as government schools in Australia require some outlay of funds for books and materials. However, with the development of large-scale institutional funding, the tax credit has decreased in importance as an instrument of Commonwealth educational policy.

In contrast with the British Columbia experience, there has been relatively little systematic evaluation of the impact of Commonwealth funding of private schools. Reports by the Commonwealth Schools Commission - - the government agency responsible for the disbursement of grants to private schools - - and private school interest groups have generally focused more on funding levels and the operation of the aid formula than on programmatic or social consequences of aid. An overview of the Australian experience with private school funding (Sherman, 1981, 1982) based on interviews with government and private school officials in Australia in late 1980, however, does provide some observations about the consequences of funding in several areas such as enrollments, financial support of public and private schools, and government regulation of the schools.

Enrollments - Concerning the impact of funding on school enrollments, the Australian experience suggests that different types of funding mechanisms are likely to produce different results, but that other factors such as the relative level of financial support and the size and direction of change of the school-age cohort will also affect enrollment patterns (Sherman, 1982). In Australia, tax credits (and deductions), which covered a relatively small proportion of school costs, did not produce any large-scale shift in aggregate enrollments from public to private schools. In fact, the period after tax credits were introduced saw a reduction in the proportion of children enrolled in private schools, rather than an increase. The deductions were, however, instituted at a time of large growth in the school-age population, an expansion of school attendance at the upper secondary levels in government schools, and severe financial problems in the Catholic school sector that precluded the construction of new Catholic schools in expanding suburban areas. Tax credits or deductions that cover a significant proportion of private school costs might not have produced the same results during a period of stable or declining enrollments and a more viable private school sector, but the Australian tax credits do not provide any evidence on this point. Nor can it be determined whether tax deductions influenced decisions about school choice by individuals as opposed to aggregate enrollment patterns.

Direct institutional funding, in contrast, particularly of capital costs, appears to have had a more significant impact on school enrollments. The Australian Schools Commission observes that "increased recurrent and capital assistance from Commonwealth and State Governments for non-government schools" has, along with expansionist policies adopted by non-government school authorities and more pronounced parental preference for private schools, contributed to a rise in the proportion of children attending non-government schools (Schools Commission, 1981). Since 1978, the non-government school share of enrollments has increased from a low of 21 percent to about 23 percent. With start-up grants now available to establish new private schools, it is projected that the proportion of private school children will rise to between 24 and 26 percent, a level that is similar to the high point in private school enrollment of the 1950s and early 1960s.

Financial Support of Public Schools - Funding of private schools in Australia by the Commonwealth appears to be associated with a decline in the level of national financial support of public schools, at least during a period of overall fiscal constraint. Since large-scale institutional support of private schools was first initiated during the early 1970s, Commonwealth aid has become increasingly concentrated in the non-government school sector. In 1974, less than a third of the total was allocated to

non-government schools; by 1983 the proportion had risen to about 52 percent (Commonwealth Schools Commission, 1983). In the period between 1975-76 and 1979-80 Commonwealth aid to government schools declined in real terms by about 4 percent, but aid to the non-government schools sector increased in real terms by nearly 30 percent (Sherman, 1982).

The shift in resources from government to non-government schools in Australia is at least partly attributable to the funding mechanism used to finance current operating costs. Non-government school aid is tied to average government school costs, and these include contributions from both state and Commonwealth governments. Thus, as government support increases for public schools, aid also rises for non-government schools. However, government policy has also been responsible for this shift, with the result that "State aid" was a significant political issue in the recent national election in Australia.

A related funding issue concerns the use of government funding by non-government schools. The Australian evidence suggests that non-government schools have used increased resources in several ways. A portion of the resources was used to improve the quality of educational programs. In the Catholic school sector this was done mainly by reducing average pupil/teacher ratios and significantly raising teacher salary levels. Average pupil/teacher ratios in Catholic schools today are much lower than they were a decade ago, and they are now closer to averages in government schools (Commonwealth Schools Commission, 1983). However, many critics of aid would argue that real resource levels could have improved even further, given the vast increase in government funding. This suggests some type of substitution effect, i.e., government funds replacing resources that otherwise would have been raised through tuition, fees and contributions. In the Catholic school sector in particular, fees have been kept relatively low as a means of retaining the school clientele, many of whom come from lower income backgrounds. With increased government funding, the proportion of revenues derived from fees and contributions has declined significantly. In sum, aid to private schools in Australia has partially increased the level of service in private schools and partially substituted for funds generated from private contributions.

Regulation of Private Schools - The evidence concerning government regulation of private schools is less definitive, but at least in the short term, the Australian funding program demonstrates that government funding need not be accompanied by increased regulation of private schools. To date, government intervention into school matters has been limited to health and safety concerns and has not involved policy issues such as curriculum and staff certification. Non-government

schools must provide the Commonwealth Schools Commission with a detailed annual report on revenues and expenditures, a report that has no parallel in the government schools. These reports are used only to calculate the resource index which ties government subsidies to private resource levels in non-government schools. They are not utilized to determine school resource allocations or to establish spending levels or priorities. In the programs for special pupil populations such as the disadvantaged and the handicapped, non-government as well as government schools must conform to Commission guidelines about program purposes, funds allocations, and permissible uses of funds. These are generally not viewed as a major restriction on school discretion (Sherman, 1981). Some observers, however, suggest a possible future increase in government regulation (Sherman, 1982). Since the combined Commonwealth and state share of private school costs is now 65 percent or higher in some low-resource schools, Government and school officials interviewed in the study questioned whether private schools should be subject to the same kinds of educational standards as government schools.

The Netherlands: Full Government Funding of Private School Costs

Since the early part of the 20th century, public and private primary schools in the Netherlands have been fully financed by the national government on a virtually equal basis. Under the Dutch system, any group can start a private school and receive government funding as long as they have a minimum number of students and meet certain requirements. They are then entitled to a certain number of teachers, the same as in public schools, based on the number of pupils enrolled in the school. The central government reimburses municipalities (which operate public schools) and private school boards for the statutory number of teachers, according to centrally-negotiated salary schedules. Neither public schools operated by a municipality nor private schools operated by school boards are permitted to supplement the salary schedule determined by the state. Other operating costs are reimbursed under central government grants that contain a reimbursement per classroom for general maintenance costs and a reimbursement per pupil for books, instructional equipment and materials, and other teaching aids. Capital costs are also financed by the central government, but through a much more complex set of arrangements.

Although the Dutch finance structure is in practice a system of institutional funding, it also in many ways resembles a voucher-type arrangement. Parents can choose to send their child to any type of school, public or private, and the central government meets the cost of providing that child's education. The major difference between the Dutch system and a "pure" voucher is that there are sharp constraints on the amount of

funds schools can raise beyond what they receive from the government.

At a superficial level, the Dutch education system appears to be much less constrained than elementary and secondary schools in the United States. Parents are not limited in their choice of free schooling to consider only public schools, but they can select any school that reflects their philosophical, pedagogical, or religious preferences. The financial costs associated with that choice are borne by the government. In practice, however, the Dutch system is much more centrally controlled and regulated than in any American State. There is virtually no local discretion in Dutch public and private primary schools over the number of teachers that can be employed, the salaries they can be paid, or the mix of teacher and other professional staff resources. Curriculum is heavily oriented towards competency examinations that help determine admission to the next higher level of education, and central inspectors periodically check on the activities of each school to assure that all input and output regulations are being followed. (James, 1982) In sum, the degree of centralization of decisionmaking in the Dutch system would hardly be tolerated in the United States.

Given the foregoing caveat, several important observations can be drawn from the Dutch experience with financing private schools. James (1982) describes long-term enrollment changes, the relationship between government financing and the expansion of the supply of private schools, the composition of private school enrollments, and the relative efficiency of public and private schools.

First, in the area of enrollments, public financing of private schools in the Netherlands was accompanied in the long-term by a secular shift in enrollments from public to private schools. In 1880, 75 percent of all primary school students were attending public schools. By the end of the World War II, the sectoral shares had stablized at 27-31 percent public, 2 percent private secular, and 67-71 percent private religious - - the mirror image of the situation 100 years ago. (James, 1982) A similar, but more elongated pattern emerged for secondary grammar schools, with the private sector steadily increasing its share of enrollments, until an equilibrium of 28 percent public, 6 percent private secular, and 66 percent private religious was reached by the early 1970s (James, 1982).

The expansion in the number of private schools occurred primarily in church-affiliated schools. In general, unrelated groups of parents did not come together to form secular private schools (James, 1982). Instead, the parents involved already knew each other, and leadership for the establishment of a school was provided by a priest or minister. Neutral private schools were sometimes established, usually espousing a

particular pedogogical technique, such as Montessori, Dalton, or Rudolph Steiner, but these schools are small in number and concentrated in large cities (James, 1982).

James asks whether there would be such an expansion of church-related schools if government aid to private schools had been instituted during the current period, when Dutch society has undergone a high degree of secularization. She implies that it probably would not, based on her analysis of developments in the university and pre-school sectors, which expanded rapidly during the post-war period, a time of less religiosity in the Netherlands. At the university level, three municipal universities and three religious universities existed at the end of World War II, the latter largely self-supporting except for small government subsidies. With the expansion of government funding of the universities during the 1960s, however, the establishment of new universities and increases in enrollments were primarily in the public sector. Currently, the religious and private share of university enrollments is well under 50 percent, much less than in any other part of the educational system.

Similarly, at the nursery school level, the central government did not take over financing of nursery schools until the 1950s. This funding was accompanied by government requirements regarding minimum size, space, and teacher credentials with which small, secular, private nursery schools could not comply, but church-related schools could meet. As a result, enrollments in secular, private nursery schools halved between 1954 and 1980, while those in Protestant and Catholic schools remained constant, and children in public nursery schools doubled; the public share of nursery school enrollments doubled from 16 to 30 percent. Nursery schools in the Netherlands today are still predominantly religious because religious-based nurseries had been founded during an earlier period and accumulated enough economic and political power to maintain their viability, but the relative share of the private sector has declined as most new demand has been absorbed by the public sector (James, 1982).

James' examination of Dutch funding of private schools also provides some evidence of the extent to which government funding will result in an elite private school system and a public school system that contains only the least advantaged students. She finds that the Dutch private school system has not developed into an elite system for the wealthy. While certain "problem" and "special" groups, such as the children of guest workers from Turkey and Morocco, are heavily concentrated in the public schools, and residential segregation has produced some educational segregation by class, for the country as a whole the entire class spectrum is represented in both public and private schools. James concludes from the Dutch experience that privatization may lead to class segmentation but that it is unlikely to occur under certain circumstances. These includ

stringent limitations on the fees that private schools can charge, regulation of private school salary schedules, staff comparability requirements in public and private schools, a high degree of "streaming" or "tracking" within the public as well as the private school sector, and a university system equally accessible to all those who have passed through the pre-university screening in both the public and private sectors (James, 1982). Some, but not all, of these conditions theoretically could be developed in the United States.

Concluding Observations

These disparate experiences with public funding of private schools are hard to draw together into common themes. In terms of intersectoral enrollment shifts, the British Columbia and Australian examples suggest there is not likely to be a marked shift, at least in the short run, from public to private schools with the introduction of government funding, either in the form of tax credits or deductions (Australia) or direct institutional support (Australia and British Columbia). In both cases, financial aid may have influenced individual parents' decisions about schooling, but this influence is not evident in aggregate enrollment patterns. Over the long run, if potential providers of private schools are given assistance in meeting capital needs and can expand the supply to meet greater demand, there is some evidence from both the Australian and the Dutch systems that more extensive intersectoral shifts are possible. The evidence from both countries also suggests that the additional providers are likely to be religiously-affiliated, rather than secular groups with a particular approach to pedagogy. However, the Dutch example also suggests that at a time of greater secularization of society there are limits to the expansion potential of religiously-affiliated institutions.

As for government regulation of private schools, the evidence from other countries does not suggest any consistent conclusions. The limited experience with government funding in British Columbia, and the slightly longer experience in Australia seem to indicate that government regulation need not accompany government funding of private schools. Key informants in the study of funding in British Columbia indicated that in the first few years, fears of extensive government regulation of the schools had not materialized (Erickson, 1982). Similarly, at the federal level in Australia government intervention into school matters has been almost non-existent, even though the Commonwealth now funds on average about 40 percent of private school costs. The Australian states, which have the constitutional responsibility for education, and which also fund about 20 to 25 percent of private school costs, do appear to regulate some aspects of private schools, but these tend to lie outside the domain of educational policy matters. In the Netherlands, on the other hand, government regulation of private schools is so extensive as to make them almost indistinguishable from public schools in a variety

of important areas. While it is highly unlikely that this degree of regulation of private schools would occur in the United States, the Dutch experience suggests that increased regulation could accompany increased or new types of government funding.

In terms of the four goals of aid to private education, the studies reviewed here provide little information about the rationales of equal services and efficiency, mainly because the research does not examine the services provided in public and private schools or how they are delivered. The evidence indicates that choice has been increased, but it is not clear what segments of the population have been able to take the greatest advantage of it. The international research seems to suggest that parents who are seeking a religiously-oriented education for their children are most likely to benefit from public funding of private schools. The financial burden on private school parents appears to be less than it would be otherwise due to public funds for private education. The studies of Australia and the Netherlands indicate that public support has allowed private school tuitions to remain relatively low and therefore to increase access to private schools for low-income families.

The international experience with financing private education provides important insights in several areas. However, a caveat made at the beginning of the report about the limitations of drawing inferences from the experience abroad to the United States bears repeating here. Almost all of the aid arrangements used by other countries (except for the tax credits in Australia) involve direct aid to institutions, not aid to individual families or children. As these types of arrangements have not been proposed in this country, caution must be exercised in transferring the results of this experience to pending proposals of vouchers and tuition tax credits.

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Appendix A

THE COMPOSITION OF THE REGIONS

NORTHEAST	NORTH CENTRAL	SOUTH	WEST
Connecticut	Illinois	Alabama	Alaska
Maine	Indiana	Arkansas	Arizona
Massachusetts	Iowa	Delaware	California
New Hampshire	Kansas	District of Columbia	Colorado
New Jersey	Michigan	Florida	Hawaii
New York	Minnesota	Georgia	Idaho
Pennsylvania	Missouri	Kentucky	Montana
Rhode Island	Nebraska	Louisiana	Nevada
Vermont	North Dakota	Maryland	New Mexico
	Ohio	Mississippi	Oregon
	South Dakota	North Carolina	Utah
	Wisconsin	Oklahoma	Washington
		South Carolina	Wyoming
		Tennessee	
		Texas	
		Virginia	
		West Virginia	

Appendix B

METHODOLOGY AND RELATED CONCERNS

The Waksberg Method

The sample for the household telephone survey was selected using the Waksberg random digit dialing sampling method. The Waksberg method reduces the number of non-productive telephone calls which would otherwise be made, e.g., to unassigned numbers or to business establishments when only residences are desired. The Waksberg method is based on the knowledge that business oriented subscribers are generally assigned exchanges used mostly (if not exclusively) by businesses. Furthermore, unassigned (vacant, nonworking) telephone numbers are also likely to exist within largely unused groups rather than being distributed among many partially used groups.

Thus, the Waksberg procedure involves generating numbers in clusters (called primary sampling units or PSUs), with numbers in each PSU having the same first eight digits (i.e., the area code, exchange and the next two digits) and a randomly affixed pair of final digits. This was accomplished using the April 1982 AT&T master tape and a computer procedure for random selection without replacement. A call is then attempted at the first phone number within the PSU. If a residential number is reached, that PSU is retained in the sample and a set number of additional interviews are attempted within it. If, on the other hand, the first number is nonresidential, non-working, etc., the entire PSU is rejected under the theory that most of the other numbers in it will also be non-residential, non-working, etc. PSUs are selected at random until a set number of eligible phone numbers has been reached. The resulting sample is a probability cluster sample, with all clusters equal in size (i.e., having the same number of eligible phone numbers.[1])

Response Rates

Screening was completed on a total of 489 PSUs. Of these, 141 (28.8 percent) "passed" the screening (were assumed to be residential), while 348 (71.2 percent) "failed" the screening (were either business or non-working numbers). During the course of the entire field procedure (screening and "working" through the PSUs), 12,268 telephone numbers were called, and more than 21,900 phone calls were placed, for an average of 1.8 calls per phone number.

There were 1,233 acceptable interviews obtained during the field effort. These completions came from 111 of the PSUs which passed the screening. The other PSUs

[1]See, for statistical justification, Joseph Waksberg, "Sample Methods for Random Digit Dialing," Journal of the American Statistical Association, 1978, 73, No. (361), 40-46.

were not used either because they were not needed to obtain the desired number of completions (24) or because of technical problems in the phone lines in the PSU such as crossed-wires (6). Any completions resulting from the partial working or screening of these PSUs were deleted from the total of "acceptable" interviews. The PSUs were worked in the random order listed by the computer program so that no bias could be introduced into the sample through the selection of the PSUs to be worked by the field staff. The extent of bias introduced by the elimination of the 6 PSUs where technical difficulties were encountered is unknown. The complete disposition of all the numbers called in the 111 fully "worked" PSUs is presented in Table B-1.

There are various ways by which the response rate could be calculated. One of the most straightforward is simply to compare the number of completions to the number of households known to be eligible. The calculation (1223/1592) gives a response rate of 76.8 percent.

Sampling Units and Weighting

The sampling frame may be specified as parents in the continental United States who have a working telephone line and have a child in grades kindergarten through eleven in the 1981-1982 school year. The sampling unit in data collection was the parent; the parent answered questions regarding schooling decisions for up to two children. Analysis focused on the child-level response; each interview regarding a specific child constitutes one child-level record. In households where two children were specified, the demographic information for the family was attached to the parents' responses for each child individually and two child-level records complete with family background information were produced.[2]

In a true probability sample every unit in the sampling frame has a known probability of being selected into the sample. One form of probability sampling is to give every sampling element an equal chance of being selected. To approximate such a random probability sample, weighting procedures were developed to adjust the survey data for multiple telephone numbers in the household and the number of eligible children in the household. Telephone weights were developed for households that had more than one telephone number and therefore had multiple chances of being selected. The weight assigned to each child-level record was the inverse of the number of telephone lines in the household. This weighting procedure affected households with more than one phone number in the house -- about five percent of the cases -- by reducing the impact of

[2]Each child-level record includes attitudes and family background information given by one parent. The child's race and religion were assumed to be the same as those of the responding parent.

Appendix Table B-1

Response Rates for the Household Survey

	Number	Percent of Total
Determined to be Eligible Residences	1592	14.3%
Completed	1223	(11.0)
Parent not available	128	(1.1)
Unable to interview because of language[a] hearing, health problems	18	(0.2)
Refusal/break off	204	(1.8)
Other	19	(0.2)
Known Residence - Eligibility Undetermined	465	4.2%
Refusal	419	(3.8)
Language, hearing, health problems	46	(0.4)
Ineligible Residences	4258	38.4%
Non-working Numbers	2839	25.6%
Non-residential Numbers	846	7.6%
No Contact after 4 Calls	1102	9.9%
TOTAL	11,102	100.0%

[a] Interviews were conducted in Spanish, and one interview was completed in Cantonese.

their responses. All children in families with one phone line had a weight of one.

A second weighting procedure was employed to take into account the clustering effect of selecting up to two children in a family. For children in families with one or two eligible children, the probability of selection was equal and the factor was one. However, where there were three or more eligible children in the family, the weighting factor applied was a differential weight - - a ratio of the total number of eligible children in the household over the number of children actually selected. The effect of this factor, obviously, was to give greater weight to cases where other children could have been selected but were not due to the sampling limit of two children per respondent.

The data presented in this report are adjusted to approximate a random sampling. The clustering effect of PSUs is unknown, however. The two step weighting procedure described above brings the survey data as close as possible to a probability sampling. Weighting yields a total child-level sample N of 2,010.

Child Selection

The selection procedure was designed to maximize the number of private school children included in the sample. If there were any private school children, they were automatically selected. Specific children to which the questionnaire referred were choosen by a random selection process which involved comparing the "numbers" of children listed by the parent with a unique list of randomly ordered numbers printed on each questionnaire. For example, if there were four children (child 1, child 2, child 3, child 4), and the random number label read "8, 5, 4, 7, 2, 9, 3, 6, 1, 10", the numbers of children which appear first among the random numbers would be selected. In this case, child 4 and child 2.

Statistical Analysis and Reliability

There are two types of errors possible in the analysis of such survey data - - sampling and nonsampling. While the full extent of nonsampling error is unknown and can not be estimated, equations used to estimate variation due to random selection are described below.

Calculation of a coefficient of variation (CV) and standard error (SE) assume random sampling and data which are approximately normally distributed.

(1) $CV = \sqrt{\frac{q}{Np}}$ where p = estimated percentage
q = 1-P
N = number in category
CV = coefficient of variation
SE = standard error

(2) SE = CV x p

The sample estimate and its standard error enable one to construct interval estimates that include the average result of all possible samples with a known probability. The following equation may be used to calculate an interval from two standard errors below the estimate (lower limit) to two standard errors above the estimate (upper limit) that would include the average result of 95 percent of all possible samples.

(3) p + (2 x SE) = upper limit
p - (2 x SE) = lower limit

In reporting the survey results summary measures based on a weighted population of less than 30 were not displayed. The unreliability of these estimates based on such a small number of cases was usually supported by the relatively large standard errors for these estimates. In addition, results were reported only where cross-tabulations displayed a Chi-square statistic significant at a 0.05 level.

Representation

Comparison of survey data with the independent national estimates of the 1979 October supplement to the Current Population Survey raises some questions about the representativeness of the sample across regions. The survey tends to overrepresent the proportion of students in the South and to underrepresent the North. However, comparison of the survey's regional distribution of PSUs is almost identical to the CPS reports of enrollments across regions. While the sampling units were drawn in a representative manner, varying completion rates across regions appears to have yielded a less representative distribution of completed interviews.

The distribution of income groups in the survey also varies from the 1979 CPS estimates (U.S. Bureau of Census, 1982). Compared to CPS estimates the low income groups (under $15,000) in the survey have been undersampled. On the other hand, another independent national estimate derived by the Treasury Department shows a lower proportion in the low income category. The survey data on income distribution appear to be almost identical to Treasury income estimates.

Comparision of the household survey's racial distribution of students closely approximates the 1982 NCES Digest of Education estimates of public school enrollments. Unfortunately, there are no independent national data on the racial breakdown of public and private elementary and secondary enrollments. The enrollments in the household survey closely resemble national estimates of public and private school

students. In the survey private school students made up 12 percent of the cases and public school students 88 percent. National estimates of private school enrollments range between 10 and 11 percent with a higher proportion in the elementary grades.